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memo w/ attach.	From Lipshutz to The President (16 pp.) re: Attorney General's Report on Organized Crime / enclosed in Hatcheson to Lipshutz 7/5/77 <i>opened 1/29/13</i>	6/23/77	A

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THE WHITE HOUSE
WASHINGTON

July 5, 1977

Frank Moore -

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

Re: Call to Congressman Rinaldo

THE WHITE HOUSE
WASHINGTON

SEEN.

*Tried.
not done
J*

ACTION
FYI

<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
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<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
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<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
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(like Congressman Marc Marks)
Commerce Committee.

a thank-you telephone call
is receiving much pressure
party.

made today.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

July 5, 1977

Stu Eizenstat
Hamilton Jordan
Frank Moore
Jack Watson
Tim Kraft
Bert Lance

Re: Federal Regional Council Reform

The attached was returned in the President's
outbox and is forwarded to you for your
information and appropriate action.

Rick Hutcheson

MEMORANDUM

THE WHITE HOUSE
WASHINGTON
THE PRESIDENT HAS SEEN.

C

ACTION

25 June 1977

TO: THE PRESIDENT
FROM: RICK HUTCHESON *Rh*
SUBJECT: SUMMARY of Watson Memo, "Federal
Regional Council Reform," and of
Comments by Eizenstat and Lance/
McIntyre

- I. Watson's May 20 Recommendations on FRC Reform. See Tab A.
II. Reaction of Governors to FRC reform proposals.

Jack reports that his office had direct contact with 47 Governors. They were virtually unanimous in expressing dissatisfaction with the current FRCs, and in the view that there must be a more effective coordinating capability in the field. All the Governors with whom Jack's office spoke were enthusiastically in favor of a full-time presidential chairperson and for revised FRC membership, according to Jack.

- III. Reaction of the Cabinet to FRC reform proposals.

Jack says that HUD, HEW, DoL, EPA, and Commerce all strongly support the reforms, and that GSA, Agriculture and VA also support the proposed changes. Commerce endorsed the recommendations while emphasizing the need to look at overall Title V Commission questions once the FRC question is settled.

DOT, Interior and CSA are doubtful that a change in FRC structure by itself will solve the problem in the absence of clear direction and support from the President and Cabinet (Jack agrees). DOT and Interior also question the elimination of the Federal Executive Boards.

There is a strong preference among both the departments and state/local officials for housing the presidential representatives in the EOP, with a clear reporting relationship to the President, according to Jack.

- IV. Criticisms of the FRC reform proposals.

Jack observes that there is unanimous agreement among Lance, McIntyre, Eizenstat, Moore and Watson on the need for reform,

and that the FRC proposal should be integrated with the EOP reorganization. Frank points out that the best vehicle for passing FRC reforms would be through submission as part of the reorganization plan. However, Lance, McIntyre and Eizenstat have expressed several reservations about the proposed reforms, to which Jack has responded.

A. the "Court of Appeals" problem

Lance, McIntyre and Eizenstat have expressed management and political concerns that the proposal would overload the White House with complaints and appeals from unhappy public officials and private citizens, that the White House would become a "court of appeals" for governors and mayors for hundreds of specific problems with federal programs.

Jack observes that the problems would not come directly to the President's IGR Assistant/Cabinet Secretary, but instead would go to the Under Secretaries Group (USG), which is co-chaired by Watson and McIntyre.

Jack also points out that:

1. he and his staff already handle "ombudsman" problems, as does OMB;

2. he is working to strengthen the intergovernmental capability of departments, and is referring as many problems to them as possible;

3. a full-time chairperson would be a useful contact point on lesser issues, and might keep many matters away from Washington;

4. smaller cities/counties do not often appeal to the White House now; governors and big-city mayors frequently do -- and the proposed reforms are unlikely to change this;

5. it is a plus that some problems not now coming to White House attention would reach it under the plan; the White House should know about cross-cutting, interagency management problems;

6. the presidential representative would attempt to solve as many problems as possible in the field; single agency problems would be referred to that agency; the presidential representative would deal only with inter-agency problems.

B. competition between the White House and the "constituency service" role of Members of Congress

Eizenstat, Lance and McIntyre express concern that the FRC chairpersons might be seen by congressmen as competing with the constituency service role of Congress - bypassing congressional case work.

Jack responds that the FRC chairpersons would deal only with interagency/intergovernmental matters, not just any constituency problem. Jack says his proposal would address directly a common congressional complaint about lack of program coordination in the field.

C. adding more staff to the EOP conflicts with reorganization goals

Lance, McIntyre and Eizenstat object to adding 30 additional positions to the White House staff, while the EOP reorganization effort is trying to reduce the EOP staff. Stu mentions the possibility of other detailees and likely expansion over time. Lance and Eizenstat believe that any decisions on the FRC reform should wait until the EOP reorganization team thoroughly reviews the proposed plan. Proposals regarding additional EOP staff should be considered in the context of the overall EOP reorganization.

Correct
Jack states that he does not suggest placing the FRC chairpersons or their staff on the White House payroll. Rather, he favors placing the 10 chairpersons on the EOP payroll, and drawing 20 additional positions from participating departments. Although Jack sees advantages to placing all 30 positions in the EOP, he assumes that the President's desire to cut down the total size of the EOP outweighs those advantages.

D. involving the President too directly in tough local issues

Eizenstat observes that the proposed presidential appointees in each federal region would be very powerful figures, having jurisdiction over all agencies at that level. The appointees would be in highly exposed, political jobs, viewed as direct presidential surrogates, but the White House would have little effective control over them.

Stu believes the proposal involves the White House too directly. The President or his staff may be blamed for every mistake made by the federal government at the local level.

Lance and McIntyre are concerned that the proposals would raise expectations about the President's ability to solve many tough local problems with federal programs - many of which are tough and not easily solved - and that embarrassing disappointment and disillusionment might quickly result.

Jack responds that it will be necessary to raise some hopes and take some risks if an effort is going to be made to make the system work better. He is "convinced that there is no solution to this problem that is free of imperfections and shortcomings."

E. inadequate consideration of other options

Lance and McIntyre state their opinion that other options have been inadequately considered. They mention several:

1. having the FRC chairpersons selected from among the best regional directors, reporting to the USG group. They concede that this is not much of a change from the present system. Jack observes, "this is exactly what we have now, and it doesn't work for all the reasons we have previously discussed."

2. have the White House and OMB work to assure that better intergovernmental and interagency coordination takes place. Jack states his enthusiastic agreement, but says this approach is clearly not an adequate response to the problems.

3. abolishing the FRCs altogether. Lance and McIntyre state that governors and the Cabinet are in agreement that the FRCs have not worked well in the past, chiefly because the chairman does not have the authority to force inter-agency or intergovernmental coordination. They acknowledge, however, that abolishing the FRCs without simultaneously trying to design a better system is unacceptable, and Jack says that "without exception, everyone we talked to rejected this as a viable option."

4. Lance and McIntyre recommend that the FRCs be abolished as currently constituted by September 30, and that the President's reorganization project be assigned the task of reviewing the problem as a priority assignment.

Jack replies that he and his staff have spent the past 4 months considering the issue. In addition to consulting with the Departments, governors, the FRCs, state/local officials, and citizens groups, Jack's review has already had the benefit of a 6-month study conducted by OMB last Fall.

Jack argues that to manage and coordinate the federal regional system better, it is necessary to put some coordinators in the field and give them a workable linkage back to Washington. He states, "whatever else we need, we do not need another study. We need to decide what we want to do, and how, so that we can put the pervasive uncertainty and inertia on this subject in the field to rest."

Jack recommends that he, Eizenstat, Jordan, Lance, Moore, and McIntyre meet with the President to discuss the matter and decide on a workable course of action.

V. Presidential Decision:

_____ Make no decision now pending review of the proposed plan and recommendations by the EOP reorganization study group. (Eizenstat)

_____ Abolish the FRCs as currently constituted by September 30; the reorganization project group should take on the problem of federal regional coordination as a priority assignment. (Lance, McIntyre)

✓ _____ Meeting between the President, Watson, Jordan, Lance, Eizenstat, Moore, and McIntyre to discuss the matter and decide on a workable course of action. (Watson)

~~Other~~ *This involves W. House so directly that EOP/FRC decision must be the same one.*

J.C.

Attachments:

Tab A - Watson, "Principal Recommendations Made on May 20"

Tab B - Watson, "Follow up on Federal Regional Council Reform"

Eizenstat, "Proposed Reorganization of the Federal Regional Councils"

Lance & McIntyre, "Watson Memo re Follow up on Federal Regional Council Reforms"

Watson (rebuttal), "Federal Regional Council Reform"

A

PRINCIPLE RECOMMENDATIONS MADE ON MAY 20

Eliminate 26 Federal Executive Boards

Eliminate 10 Federal Regional Councils

Establish 10 Regional Coordinating Councils (RCC's), with one in each regional headquarters city

Explore making the Title V and RCC boundaries coterminous

Explore the possible elimination of Title II Commissions

Approve designation of Mid-Atlantic and Mid-America Title V Applications

CHARACTERISTICS OF PROPOSED REGIONAL COORDINATING COUNCILS

Mission

- Interagency coordination in the field
- Intergovernmental liaison

Chairmanship

- Presidential appointee serving full-time
 - Acts as Administration ombudsman in field;
 - Reports to the Under-Secretaries Group;
 - Chairs the RCC;
 - Coordinates ad hoc working groups as needed;
 - Serves as a neutral convener and problem identifier, parallel to the role of the Secretary to the Cabinet in Washington.

Membership

- Reduce the core group of federal agencies from the present 11 FRC members to 5 or 6 drawn from HUD, HEW, DOC, DOT, DOE, DOL, EPA
- Ad hoc working groups as deemed necessary by the chairperson

Staffing

- Full-time executive assistant and secretary detailed from the Departments

SUMMARIZED

B

THE WHITE HOUSE

WASHINGTON

June 17, 1977

MEMORANDUM FOR: The President
FROM: Jack Watson *Jack*
SUBJECT: Follow up on Federal Regional Council Reform

In the course of our meeting on May 20th on the Federal Regional Presence, you asked for clarification on three issues before making a final decision on our proposals:

- o What is the reaction of the Governors to the proposal?
- o What is the reaction of the Cabinet?
- o How do we avoid making the White House a "Court of Appeal" for a wide array of state and local problems if we heighten their expectations by placing a "Presidential representative" in the field?

Reaction of the Governors

The proposals we made to you were drawn from suggestions and comments we received from Governors, Under Secretaries, Public Interest Groups, FRC Chairpersons and Executive Directors, and others. Over the past few weeks we have had direct contact with 47 Governors. They were virtually unanimous in expressing their dissatisfaction with the current FRCs but were equally consistent in the view that there must be a more effective coordinating capability in the field.

We received enthusiastic support for a full-time Presidential chairperson and for revised FRC membership from all of the Governors with whom we spoke.

Reaction of the Cabinet

Of the most likely five core RCC departments (HUD, HEW, Commerce, DOL, and EPA), all strongly support the reforms. HUD describes the proposal as "reinforcing the goals of this Department." HEW states that we "badly need effective problem solvers in the field" and that the proposal "holds real promise for achieving this purpose." EPA and DOL expressed "enthusiastic"

support. Commerce endorsed the recommendations while emphasizing the need to look at overall Title V Commission questions once the FRC question is settled. Reactions from other departments vary: DOT, Interior and CSA are generally doubtful that a change in FRC structure by itself will solve the problem in the absence of clear direction and support from the President and the members of the Cabinet (I agree); DOT and Interior also question elimination of the Federal Executive Boards; and GSA, Agriculture and VA support the proposed changes.

Several departments cited the parallel between the role of the Presidential representative in the field and the Cabinet Secretary/IGR Assistant in Washington. There is a strong preference among both the Departments and state and local officials for "housing" the Presidential representatives in the EOP, with a clear reporting relationship to the President.

White House as "Court of Appeal"

Some have expressed management and political concerns that, under the proposal, the White House might become overloaded with complaints and appeals from unhappy public officials and private citizens. In a "worst case" situation, the negative impact of the problem might outweigh the advantages of the proposal. These concerns are counterbalanced by the following factors:

- o Under the present arrangement, my staff and I already handle "ombudsman" problems, as does OMB. In my opinion, that function is not only an appropriate part of our role, it serves as a very useful early warning system.
- o We are actively working to strengthen the intergovernmental capability of the Departments and are referring as many problems as possible to them. This approach is significantly reducing the burden on us and reinforcing the appropriate departmental role in this area.
- o Smaller cities and counties do not often appeal to the White House now, and are not likely to do so any more under the proposed arrangement. On the other hand, Governors and big city mayors frequently contact White House staff members now, and will continue to do so on important issues no matter what organizational structure we adopt. At the same time, a full-time chairperson would serve as a useful contact point on lesser issues and would actually keep many matters away from Washington.

- o Although some problems not now coming to our attention would reach us under the proposed plan, I think that's a plus. It is the cross-cutting, interagency management problems occurring in the field which we need to know about in order to do our jobs well.
- o The Presidential representative would systematically refer problems involving a single agency to that agency. His/her mandate would extend only to inter-agency problems. Moreover, his/her clear instruction would be to resolve as many problems in the field as possible and to use the lead agency concept to the maximum extent.
- o Finally, when confronted with the drawbacks of both the current arrangement and the alternative reforms, I think the limited risks of the proposed approach are worth taking.

White House Staff Reactions

As a follow up to our meeting with you, I have had discussions with Stu, Frank, Mark Siegel, Harrison Wellford and Jim McIntyre. All agree with the need for major reform of the FRCs and believe it would be valuable to have a full-time Chairperson in each of the ten revised regional bodies.

There is also a unanimous view that any decision to implement the FRC proposal should be integrated with the EOP reorganization. We have worked with the reorganization staff, and the proposal you receive from them will include a suggestion on how to implement the FRC proposals in the context of their overall plans. Frank Moore particularly made the point that the submission of the reorganization plan to Congress provides the best vehicle for getting approval of the FRC reforms.

Stu and OMB expressed concern about the "Court of Appeal" problem addressed above. As a further protection against bringing too many case-work problems too close to the President, OMB and I jointly recommend that the Chairpersons report to the Under Secretaries Group, (USG), rather than directly to the Assistant to the President for Intergovernmental Relations. The USG is co-chaired by Jim McIntyre (or his designee) and by me.

Stu also expressed concern that the role of the Chairpersons might be seen by many Congresspersons as competing with their constituency-serving role. On the other hand, one of the most frequent complaints/criticisms voiced by members of Congress relates to lack of program coordination in the field; the proposal directly addresses that concern. Moreover, as we have defined the role of the Chairperson, he/she would not deal with any constituency issues but only with interagency-intergovernmental matters. I am convinced that if we are to manage the government more effectively, the intergovernmental problems now going to the Congress must also be brought to our attention.

THE WHITE HOUSE

WASHINGTON

June 17, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Proposed Reorganization of the
Federal Regional Councils

I agree with Jack that the Federal Regional presence may need reform. I think some of his proposed changes offer real possibilities for such reform. I do have several concerns, however, with the proposed changes.

1) I think any decisions should await the ongoing study of the Executive Office of the President. The effects on the Executive Office of the President must be carefully considered. I am concerned that the placement of the regional council payroll on the EOP will not only balloon the size of the EOP (initially 30 additional slots are contemplated, but that excludes the expected detailees and the likely expansion over time), but will also bring so many federal regional problems directly to the White House. Further study is needed, I believe, to determine whether these concerns are justified. I recommend, therefore, that the ongoing reorganization study of the Executive Office of the President be allowed to review the proposed plan and make its objective recommendations.

The importance of having the EOP study team review the proposal cannot be overemphasized. Not only does the team bring the experience and knowledge about the EOP accumulated over the past several months, but it deserves the opportunity to comment on a proposal which can affect significantly the organization of the Executive Office of the President. The study team's credibility will be impaired if changes in the EOP are made independent

of the team's opportunity to at least consider those changes and make recommendations consistent with the overall EOP reorganization. If there is a strong possibility, for instance, of having 30 additional EOP employees, the study team should have the opportunity to factor that possibility in its recommendations on the staff size of other EOP units.

2) One of the difficulties I see in placing an individual in the regions with direct White House ties will be the concern of members of Congress that, when there are problems with federal programs, constituents tend to contact their Congressman or Senator. Solving those problems has become a major activity for members of Congress. With the creation of a strong federal White House presence in the regions, it is possible that problems will filter to the White House and bypass the Congress. If that were to occur, I assume many members of Congress would be upset with the loss of one of their main links to constituents. I think Frank should carefully review the proposal with members of Congress prior to any final decision by you.

3) The Presidential appointees in each federal region will be very powerful figures having jurisdiction over all agencies at this level. Those appointees will be in highly exposed, political jobs. They will be viewed as direct Presidential surrogates---yet we will have little effective control over them.

4) The procedure by which the regional council reports back to Washington involves too directly the White House and thus the President. The President or his staff may be blamed for every mistake made by the Federal government at the local level.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 20, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: BERT LANCE *B. Lance*
JIM MCINTYRE *J. McIntyre*

SUBJECT: Watson 6/17/77 Memorandum re Follow Up on Federal
Regional Council Reforms

This is the OMB response to Jack Watson's subject memo to the President on Federal Regional Council reforms.

OMB is in agreement that the current Federal Regional Council system has not worked well and should either be abolished or strengthened but not be allowed to continue as in the past.

However, OMB disagrees with, and does not endorse the recommendation that the Chairmen of the new structure be Presidential appointees confirmed by the Senate, serving full time in each of the ten regions, and reporting to the President through the Assistant to the President for Intergovernmental Relations for the following reasons:

- ° It brings the President in too closely to hundreds of program management issues that will arise when state and local officials bring their detailed program complaints to the proposed Presidential Chairmen. The President should not be a "Court of Appeals" for Governors and Mayors on hundreds of specific problems with federal programs.
- ° We are in disagreement that 30 positions should be added to White House staff for this purpose as proposed while the EOP Reorganization effort is trying to reduce EOP staff. The proposal should be considered in the context of the overall EOP reorganization and its priority measured against other EOP proposals for change.
- ° We are in agreement with Stu Eizenstat's concern that Congress might see the full time White House Chairmen in

each region as competing with their constituency-serving role. This could cause a serious problem in attempting to deal with Congress on Reorganization proposals.

- ° Expectations will be raised in state and local officials that the assignment of a White House official reporting to the President will solve many of their problems with federal programs. But the underlying problems are tough and not easily solved and the proposed Chairmen will have no authority over agency programs to make the desired changes. Disappointment and disillusionment can come early and embarrass the President.

It is also our opinion that other options have not been adequately considered. One is to have the Chairmen not assigned to EOP at all but rather be selected among the best Regional Directors in the core agencies and report to a greatly re-invigorated Under Secretaries Group chaired by Jack Watson and Jim McIntyre. This would have the advantage of not raising the EOP staff issue nor Congressional concern. The disadvantage is that this is not much of a change from the current system.

Another option is to have both the White House and OMB, working with the Under Secretaries Group and agency intergovernmental liaison officers, assure that better intergovernmental and inter-agency coordination takes place. The White House Intergovernmental office would be involved in overall intergovernmental policy while OMB Intergovernmental Relations staff would work out the intergovernmental management problems on a day-to-day, ad hoc basis both in Washington and in the field.

Another option that should be seriously considered is to abolish FRC's altogether. The Governors and the Cabinet are in agreement they have not worked well in the past, chiefly because the Chairman does not have the authority to force interagency or intergovernmental coordination. The current proposal does not solve that problem.

However, abolishing the FRC's without simultaneously making the effort to design a better system to more effectively coordinate federal program delivery is unacceptable. Therefore, in considering all of the above arguments, I recommend that the FRC's be abolished as currently constituted by September 30th and the President's Reorganization Project be assigned the task of reviewing the problem of federal interagency and intergovernmental coordination in the delivery of federal resources to the public and to state and local officials throughout the country as a priority assignment.

THE WHITE HOUSE

WASHINGTON

June 23, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: Jack Watson *Jack*
SUBJECT: FEDERAL REGIONAL COUNCIL REFORM

After struggling with this issue for several months, I have concluded that it is like the proverbial tar baby: every time I give it another lick or a good swift kick, I get further caught up in the problems.

After all is said and done, there is really only one issue involved in a review of the federal regional presence:

- Do we want to try to manage the regional activities of the federal government more effectively, or not?

If we do not, we can leave the system (which everyone acknowledges to be a failure) as it is, or we can abolish even the semblance of a federal coordinating and implementing capability outside of Washington.

On the other hand, if we want to try to make the system work better, by managing and coordinating it better, we need to put some coordinators in the field and give them a workable linkage back to Washington.

I am attaching three short memoranda for your review:

- One from me reporting the results of our survey efforts since the meeting with you on May 20th in answer to the questions you posed;
- A memorandum from Bert Lance and Jim McIntyre commenting on my memorandum; and
- A memorandum from Stu.

I apologize for submitting three separate memoranda on the subject, but, since all three are brief, thought it best to let you have the full flavor of everyone's views, rather than to summarize them. I tried to respond to Stu's concerns in my attached memorandum and have only these comments to make to Bert's and Jim's memorandum of June 20th. I have said all of these things directly to Bert and Jim.

(1) As is clear in my attached memorandum, I do not suggest that the ten regional chairpersons report to me. On page 3 of that memorandum, I suggest that they report to the Under Secretaries Group which is co-chaired by OMB and myself. I also do not suggest that the positions created be confirmable posts.

(2) I also do not suggest the placement of the chairpersons or their staff on the White House payroll. I did not address that issue in my memorandum and, in fact, suggested on page 3 that implementation of your decision on this subject should be integrated with the overall EOP reorganization. My personal view is that only the ten chairpersons should be added to the Executive Office of the President (not the White House staff), and that the total of 20 positions necessary to staff all ten chairpersons be drawn from the participating departments. Although there are definite advantages to placing all 30 positions in the EOP, I have assumed that your desire to cut the total size of the EOP outweighs those advantages.

(3) Bert's and Jim's points about possible adverse Congressional reaction and raising expectations of state and local officials are briefly addressed in my attached memorandum. Of course the problems are tough and not easily solved, and of course neither this proposal, nor any other, will be a panacea. At the same time, if we are to try to do something to make the system work better, we will necessarily raise some hopes and take some risks. I am convinced that there is no solution to this problem that is free of imperfections and shortcomings.

(4) As to consideration of other options, we have spent the last four months considering all the options outlined on page 2 of Bert and Jim's memorandum and countless others. Our review of the whole subject had the benefit of a six-month study of the FRC's, which was conducted by OMB last Fall. In addition to the OMB study, we have consulted endlessly with the Cabinet Secretaries, Under Secretaries and other departmental people; all the Governors; all of the FRC's and their staffs; other state and local officials; and citizens' groups. Our recommendations emanate from all that consultation and our own analysis and synthesis of what we learned.

My comments on the four options mentioned by Bert and Jim are as follows:

- The first option suggested by Bert and Jim is to have one of the departmental regional directors also serve as chairperson of the Regional Coordinating Commission. This is exactly what is done now, and it doesn't work for all the reasons we have previously discussed.

- Their second option is basically a proposal for better intergovernmental and interagency coordination in Washington. I enthusiastically endorse that goal, but it is clearly not an adequate response to our coordination and communication problems in the field.
- Their third option is to abolish the FRC's altogether and substitute nothing. Without exception, everyone we talked to rejected this as a viable option and stressed the pressing need for improved coordination and implementation mechanisms outside of Washington.
- Their final option, and the one apparently favored by Bert and Jim, is to study the matter further while committing ourselves to abolishing the FRC's by September 30th. Whatever else we need, we do not need another study. We need to decide what we want to do and how, so that we can put the pervasive uncertainty and inertia on this subject in the field to rest.

I recommend that you sit down with Bert, Jim, Stu, Ham, Frank, and me to discuss the matter and decide upon a workable course of action.

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Bob Lipshutz -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat

Re: The Attorney General's
Report on Organized Crime

~~SECRET ATTACHMENT~~

DECLASSIFIED

Per: Rac Project

ESDN: NLC-RC-8-14-1-8

BY 135 NARA DATE 1/29/83

RETURN THIS RECEIPT IMMEDIATELY TO

RICK HUTCHESON

REGISTRY NO.

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7/6/77

INCLOSURES

ADDRESSEE

**The Attorney General
Justice Dept., Washington, D. C.**

Receipt for communication(s) described above is hereby acknowledged by:

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DATE RECEIVED

J. A. Cerra

7/6/77

TO BE RETURNED TO THE WHITE HOUSE OFFICE

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16-70490b-1 GPO

file
7/5/77

THE WHITE HOUSE
WASHINGTON

July 6, 1977

The Attorney General:

The attached was returned in the
President's outbox. As requested,
The original is returned herewith.
No copies were made by this office.

Rick Hutcheson

Re: Racketeering Syndicates in the
United States

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
X	LIPSHUTZ
	MOORE
	POWELL
	WATSON

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For Project

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appendix)

THE WHITE HOUSE
WASHINGTON

Mr. President:

Bob Lipshutz' office has prepared a straightforward summary of a 12-page memo from the Attorney General on organized crime.

Eizenstat recommends that the Administration make a major statement on organized crime this Fall. First, however, he suggests that DoJ and the OMB Reorganization Group explore the following questions, and report back to you early this Fall:

- should state/local agencies, as well as Federal, be mobilized in a cooperative effort? *yes*
- can/should funds be diverted from the existing LEAA program to support such a cooperative effort in prosecution and investigation? *yes*
- can the system be improved by shifting responsibility for litigation of routine cases from Washington to US Attorneys' Offices (to place most prosecution in the field, freeing the Washington staff for high priority issues)? what are the implications of this kind of initiative (i.e., would it require upgrading of US Attorneys' staff?). *yes*

---Rick

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THE WHITE HOUSE
WASHINGTON

June 23, 1977

~~SECRET~~

THIS DOCUMENT HAS BEEN

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ *BL*

SUBJECT: The Attorney General's Report on Organized Crime

*Bob -
Have AG give
me a briefing on
what he plans to
do - & what he
needs - J.C.*

~~Attached is~~ the Attorney General's Report on the Justice Department's efforts and progress since February of this year, to review, redirect, and revitalize the federal organized crime program. A summary of the report follows.

STATUS OF THE PROGRAM IN FEBRUARY 1977

In February, the federal organized crime program suffered from low morale and a lack of direction. This state of affairs stemmed from personnel, management and performance problems the program experienced as a result of its rapid growth in the early 1970's and from jurisdictional conflicts between some United States Attorneys and the program's independent Strike Forces established within their districts. The policies of a new head of the Criminal Division appointed in mid-1975 aimed at subordinating the Strike Forces to the control and direction of the United States Attorneys created a wasteful internal strife which diverted the Division's resources away from the fight against organized crime. This tension led to the departure of able prosecutors and to the withdrawal of manpower by various investigative agencies needed to support the program.

The program suffered from a failure to implement policies to develop a centralized national strategy to fight organized crime, to give it national planning and direction, and to assign specific objectives to the Strike Forces and evaluate their performance.

JUSTICE'S REVIEW

In February, the Criminal Division's new leadership was instructed to review the program and restore its effectiveness. By the end of March the following conclusions were reached: (1) A nationally directed program is needed and, accordingly, retention of the Strike Forces is desirable; (2) The problem of tension between the Strike Forces and the United States Attorneys is solvable; (3) The program should shift its emphasis from a broad scale war of attrition to one of strategic selectiveness; (4) Greater planning, direction, and control is needed from the program's leadership

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By SP-5 Date 12-8-14-1-8
ESD: 12-8-14-1-8
BY SP-5 NARA DATE 1/29/13

~~SECRET~~

in Washington to insure effective utilization of limited manpower; (5) Renewed commitment and support is needed from participating investigative agencies; (6) Qualified prosecutors presently within the program should provide a manpower nucleus for its future but the recruitment of new and able prosecutors, especially from the United States Attorney's office, will be needed to reduce the in-grown character of the program's personnel; (7) There is a need for "simple leadership".

ACTIONS TO DATE

1. Organized Crime Groups. A national emphasis will be placed on the loosely connected group of families known as the "Mafia" which is the most dangerous element of organized crime in this country. While other dangerous organized crime groups exist, none has a national structure. United States Attorneys will be encouraged to assume responsibilities for controlling such other groups but will have the assistance of Strike Forces as is needed.

The report notes that the government's intelligence on organized crime is inadequate, especially in regard to the Mafia. Aside from the leadership of the Mafia syndicates operating in this country (identified in the appendix of the report), little is known about actual members or their specific activities.

2. National Priorities. In place of the past strategy of fighting a broad scale war of attrition, resources will be allocated to investigative and prosecutive activities according to the following priority considerations: (a) Prosecution leading to incarceration of mob leaders will continue but on a highly selective basis with a view towards insuring substantial prison sentences of important figures; (b) The program will primarily focus on the four most harmful mob activities which are political corruption, labor racketeering, mob control of legitimate businesses, and narcotics trafficking. ✓ However, other specific national problems will also receive attention, namely, arson and fencing. Activities not among the aforementioned will be given attention to the extent they present a specific danger in a given geographic area, e.g., truck hijacking in the northeast corridor; (c) The program's previous efforts against activities which provide illegal goods and services (e.g., gambling) will be deemphasized. ✓

3. Goals and Strategies. The program will have broad goals which target harmful mob activity rather than having as its narrow purpose the conviction of individual mobsters. In achieving these goals, tools beyond the scope of the criminal law will be experimented with, especially in areas where incarceration of a mob figure would be ineffective, e.g., bringing civil injunctive suits against major gambling operators. A nationally directed effort will enable the undertaking of large projects involving the coordinated efforts of several Strike Forces and United States Attorneys' offices.

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4. National Planning, Direction, Control and Evaluation. A prioritized allocation of the program's resources can be accomplished only if leadership and control are exercised nationally. During the past two months, the program of each Strike Force has been reviewed. On the basis of the review, each Strike Force is expected to be realigned and redirected by Labor Day. A semi-annual evaluation of each will occur thereafter.

5. Morale and Agency Commitment. To date, successful efforts at restoring morale among the program's personnel have been achieved. Restored confidence in the program's future has resulted in the full enlistment of certain investigative agencies, notably the FBI. The required commitment and participation from certain other agencies is still outstanding, e.g., Labor.

NEW PROJECTS AND PLANS

Investigations on three partially infiltrated national labor unions have been started or are planned. Each Strike Force has been instructed to gather intelligence on labor racketeering within its area and to plan appropriate investigations.

Plans to attack organized crime's takeover of legitimate businesses are under way in three areas: the takeover of medium-sized banks, organized crime's increasing use of bankruptcy frauds ("bust-outs"), and the use of illegal means to drive competitors out of business.

A major reorganization of the program's intelligence operations is under way. Strike Forces have been instructed to make greater use of criminal forfeiture powers, civil injunctive remedies, and special sentencing provisions available under the organized crime legislation of 1970. New field offices are being opened.

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

*Stu will
have this any*

Date: June 27, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Stu Eizenstat

FOR INFORMATION:

Jack Watson

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bob Lipshutz's memo 6/23/77 re The Attorney
General's Report on Organized Crime.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 3:00 PM

DAY: Wednesday

DATE: June 29, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

SECRET

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



~~SECRET~~

Office of the Attorney General
Washington, D. C. 20530

JUN 17 1977

MEMORANDUM FOR: The President

FROM: Griffin B. Bell
Attorney General

By B.R.C.

SUBJECT: Organized Crime

Summary

1. Status in February: The federal organized crime program was demoralized, battered, and adrift in February, 1977.
2. Our Review Through March: We concluded that Strike Forces were essential and that they could conduct an effective effort against organized crime if they were revitalized and redirected.
3. Actions to June: We have (a) reassessed the activities and influence of the organized crime syndicates; (b) established for the first time national priorities for the program which are political corruption, labor racketeering, infiltration of legitimate businesses, and narcotics trafficking; (c) established a strategy under which we target harmful mob activities rather than being satisfied with the mere conviction of individual mobsters; (d) instituted national planning, direction, control, and evaluation; (e) restored morale and instilled a sense of excitement; and (f) regenerated some investigative agencies' commitment and participation.

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Per: Rac Project

ESDN, NLC-126-8-M-1-8

BY KS NARA DATE 1/29/13

4. Projects and Plans: We have begun or are planning investigations of three unions that have been infiltrated by organized crime and investigations of the infiltration of banks, the incidence of bankruptcy frauds, and the use of illegal means to drive honest competitors out of business. We are reorganizing our intelligence capacity. We have instructed Strike Forces to make greater use of the forfeiture, injunctive, and sentencing powers under 1970 organized crime legislation. We have and are planning to establish a few field offices in certain areas of high organized crime activity.



~~SECRET~~

Office of the Attorney General
Washington, D. C. 20530

JUN 17 1977

MEMORANDUM FOR: The President

FROM: Griffin B. Bell
Attorney General

SUBJECT: Organized Crime

By B.A.C.

Introduction

One of the Justice Department's major priorities is to reduce the impact of organized crime on American society. Therefore, since our new appointees took office in February, substantial time and energy have been expended on the review, redirection, and revitalization of the federal organized crime program. This memorandum summarizes the results of our review, the changes that have been made in the program, and our plans for the future.

February, 1977

In February, 1977, we found the federal organized crime program demoralized, battered, and adrift. During the early 1970s the program had grown rapidly, too rapidly, and it had experienced all of the usual personnel, management, and performance problems that are characteristic of rapid expansion. Those problems were aggravated by jurisdictional and personality conflicts with some of the U.S. Attorneys in whose districts Strike Forces were established. Some of them generally questioned the concept of prosecutive forces in their districts that were not subject to their control, and in some cases they saw inadequate Strike Force

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Per: Rac Project

ESDN: NLC-126-8-14-1-8

BY: *KS* NARA DATE *1/29/83*

leadership and performance. The problems were amenable to effective management and leadership, but at the time that the program most needed those qualities the Criminal Division's leadership was consumed by the Watergate scandal and its aftermath. And there was no head of the Criminal Division at all for six months after Henry Petersen resigned at the end of 1974.

In July, 1975, an able and successful U.S. Attorney was appointed head of the Criminal Division. He thought that the U.S. Attorneys should have greater control and supervision over the Strike Forces and should assume more of the direct responsibility for the federal effort against organized crime. By the end of the Ford Administration he had disbanded 4 of the 17 Strike Forces and placed two others under the control of U.S. Attorneys.

Those beliefs and actions sparked a bitter internal struggle between the head of the Criminal Division and the attorneys in the organized crime program. Some began to wonder if the program would survive, and many able prosecutors left. Just as ominously the various investigative agencies upon whose support the program is dependent began to sense a sinking ship and started to withdraw their manpower. Throughout it all, enormous amounts of energy, effort, and time were expended in the bitter internal battle in the Criminal Division -- energy, effort, and time that were diverted from the investigation and prosecution of organized crime.

Some basic problems in the program remained unsolved, however. The program had never developed any national strategy for fighting organized crime other than a decentralized but broadscale war of attrition. There was little, if any, national planning or direction. The Strike Forces had not been assigned specific objectives, and their performance was not subject to any meaningful evaluation. The program's intelligence capacity was inadequate, investigative agency participation was inconsistent, and the program's effectiveness was undermined by its inability to obtain meaningful prison sentences for mobsters whom it convicted. Those basic problems were identified first by internal Departmental reviews in 1976 and then in GAO's March 1977

report on the program entitled "War on Organized Crime, Faltering -- Federal Strike Forces Not Getting the Job Done."

Our Review

In February, I instructed the Criminal Division's new leadership to review the organized crime program and to restore its effectiveness. By the end of March that new leadership had reached the following conclusions about the program:

(1) The highly disciplined and organized character of organized crime in this country requires the constant, concentrated, and focused attention of a nationally directed program. Therefore, the Strike Forces should be retained and revitalized, for our success in the past has varied with the intensity and consistency of the commitment to the effort.

(2) The long-standing tension between the Strike Forces and the U.S. Attorneys is neither inevitable nor desirable, as has been thought by some in the Department in the past. If the two groups are properly aligned and if both are subjected to greater national leadership, direction, and control, they can work together effectively, as they have on occasion in the past.

(3) The program needs to shift its strategic emphasis from a broadscale war of attrition, for which it simply does not have the resources, to selective and focused attacks on those areas where organized crime's impact on American life is the most harmful and dangerous.

(4) To ensure that the program's limited manpower is effectively deployed in those areas, greater planning, direction, and control is necessary from the program's leadership in Washington.

(5) The program needs the renewed commitment and support of the participating investigative agencies, many of whom were concerned that the program would be disbanded, and a few of whom have reallocated their manpower to other projects.

(6) The program has some smart, tough, experienced, dedicated, and skillful prosecutors, especially the remaining Strike Force Chiefs. Those men and other prosecutors in the program provide a nucleus of able people who can have a meaningful impact, if properly led, supported, and inspired. More able prosecutors must be recruited, however, and the in-grown character of the program's personnel must be reduced by the invigorating infusion of new people, especially some experienced trial prosecutors from the U.S. Attorneys' offices.

(7) Most importantly, the program needs simple leadership -- inspiration, direction, support, encouragement -- to restore its sense of pride, excitement, and mission.

Actions to Date

1. Organized Crime Groups. We have decided to continue our national emphasis on La Cosa Nostra (LCN) or the "Mafia." That loosely connected group of "families" continues to constitute the most dangerous element of organized crime in this country. There are, of course, other dangerous organized criminal groups: the "Black Mafia" in Philadelphia, the Winter gang in Boston, the Dixie Mafia in Georgia, the Mexican-American syndicates in southern California and Chicago, to name a few. None of those other groups, however, has any national structure at all, and properly directed and staffed U.S. Attorneys can and have had success against them. The Strike Forces have and will continue to investigate and prosecute such groups where our expertise and manpower are necessary, but it will be our goal to encourage and where necessary instruct U.S. Attorneys to assume more responsibility for the control of such groups, especially in areas where there are no Strike Forces. Those U.S. Attorneys will be given all of the support and assistance that the program can provide, and we envision their efforts as an integral part of a cooperative program, rather than entirely separate operations.

The Federal Government still has insufficient intelligence information about organized crime in general and the LCN in particular. As the appendix shows, we

have identified the leadership in the 23 LCN syndicates or "families" active in this country. Although we do not believe that the reality accords with the entertainment media's fantasies, we know that the LCN families are more or less organized, structured, and disciplined, loosely allied, and predatory. Yet we know too little about their actual members and specific activities. Although startling figures are reported in the press, we have no reliable information on the profits that flow to organized crime or the costs that it imposes on our society, but all indications are that both are substantial.

2. National Priorities. From its beginning the organized crime program has employed one basic strategy -- to fight a broadscale war of attrition on organized crime syndicates, i.e., to make good cases of any kind on identified organized crime figures and to prosecute, convict, and imprison them. That strategy has produced some dramatic results and at times has had a substantial impact on organized crime in certain areas. But the program simply has not been given and is not likely to receive the manpower that is required to try to fight organized crime everywhere at once. In any event we can never eliminate organized crime entirely because the strong and even growing demand in this society for illegal goods and services will continue to fuel the regeneration of criminal syndicates that can supply them. Therefore, our limited manpower must be allocated to the investigation and prosecution of those mob activities where we can be the most productive and that are the most harmful and dangerous to our society.

First, we will continue to try to disrupt the criminal syndicates by convicting and incarcerating their leaders. But we will require much greater selectivity in order to ensure both that our prosecutions are against important organized crime figures and that our cases justify and result in substantial prison sentences. As the GAO study pointed out, too often in the past the program's prosecutions have not produced substantial prison sentences.

Second, the program should emphasize four mob activities that we believe are the most harmful and dangerous and which have not received the attention they deserve in the past: (a) political corruption, (b) labor racketeering, (c) the infiltration, exploitation, and abuse of legitimate businesses, and (d) narcotics trafficking.

Third, there are several other specific national problems that will receive attention, principally arson and fencing. Arson and the associated fraud on insurance companies have become a major mob activity, and we intend to reduce their success. Fencing substantially increases the incentive for theft because fences provide the essential brokerage services for the disposition of stolen property.

Fourth, in certain parts of the country organized crime is engaged in activities that are not within those priority areas but which nevertheless are terribly harmful and dangerous in those communities. For example, truck hijacking is a substantial problem in the northeast corridor, and the Strike Forces that cover that area have been instructed to deal with it.

Finally, we intend to deemphasize, but not to eliminate, the program's previous efforts against those organized crime activities that provide illegal goods and services such as gambling. Although gambling continues to provide organized crime with substantial revenues, criminal law enforcement has been simply ineffective. The American appetite for gambling makes it impossible to erase, and social attitudes make it increasingly difficult for us to obtain the prison sentences that deter gambling or disrupt the flow of revenue. With increasing frequency we see judges give probation to convicted gamblers, even when they have organized crime connections. We will continue to prosecute large gambling cases where investigation uncovers a solid case against an organized crime leader in an area of the country where we can expect a substantial prison sentence upon conviction.

3. Goals and Strategies. The goal of the organized crime program is not simply to convict individual mobsters, as it has sometimes seemed in the past. Our goals are larger -- to cleanse a unit of local government from corrupt mob influence, to reclaim an illegally acquired and operated business from mob control, to "liberate" a union local from mob domination and restore lawful and democratic control, to substantially reduce the incidence of arson, hijacking, and other lucrative mob crimes in a particular area.

To achieve those larger goals more effectively, the program, like law enforcement generally, must recognize the limitations of the criminal law as a means of eliminating the harmful effects of serious crime and must find and employ other remedies and sanctions that can effectively complement criminal prosecution. The criminal process offers only one product that cannot be obtained more easily, frequently, and certainly through other procedures -- incarceration. Where we cannot obtain incarceration or where incarceration will not by itself achieve our goals, we must find and use other tools.

Gambling is one example. Criminal prosecution appears increasingly ineffective as a means of disrupting the flow of gambling revenue to organized crime because we are not obtaining prison sentences. Therefore, we intend during this fall's lucrative football season to bring civil injunctive suits against major gambling operators, rather than indicting them. There are other such strategies that we intend to experiment with: use of civil injunctive remedies where mobsters use illegal methods to monopolize an industry, use of tax liens to try to remove the profit from arson, and use of the criminal forfeiture remedies available under the 1970 organized crime legislation. One particular area of interest to us is the civil remedies and powers available to the Department of Labor in labor racketeering cases. We would like to persuade Labor to join us in a cooperative attempt to find and use a creative mix of civil and criminal powers and penalties.

In other areas we intend to be more comprehensive in our approach. For example, if our ultimate goal is to restore to lawful control a company or bank that is dominated by organized crime, we must do more than merely convict a few top, corrupt officers. We must root out corrupt officers from top to bottom. Where we have not, a convicted top officer is merely succeeded by one of his corrupt lieutenants, and no improvement in the business is achieved. Therefore, our strategy in the program, and in the Department generally will be to ensure that investigations are not devoured by the large and often prominent trials of major figures but that investigative and prosecutive resources are retained to complete a thorough investigation of the business, union, or industry in question.

We also intend to undertake larger projects with the limited resources at our disposal, rather than permit each Strike Force to work exclusively in its local area. One of the many advantages of a nationally directed program is that it can coordinate and undertake national projects. For example, we are now well into a major investigation of a national labor union and a number of its locals. That investigation covers the entire east and gulf coasts, is coordinated from Washington through two Strike Forces, and has recently been expanded to include some fifteen U.S. Attorneys' offices and three other Strike Forces. To our knowledge that is the first occasion in which more than two or three U.S. Attorneys' offices have worked together as a team on one nationally directed and coordinated project. We intend to use that approach on other national projects that are now in the planning stage.

4. National Planning, Direction, Control, and Evaluation. Our plans require leadership and management, but in the past the program has suffered from inadequate national planning, direction, control, and evaluation, as the GAO report found. We believe that the program's limited resources can only be allocated according to our priorities if control and leadership are exercised nationally. Therefore, over the last two months the program of each Strike Force has been reviewed, and we are now in the process of defining specific investigative and prosecutive objectives for each Strike Force. That

detailed process is time-consuming, and no abrupt shift can be made from present investigations to new ones, but we expect that each Strike Force will be realigned and redirected by Labor Day. We expect to evaluate each Strike Force semi-annually on the basis of how well it achieves its defined objectives, and the Strike Force Chiefs have been so advised.

In order to facilitate national planning and direction the new head of the organized crime program, a career prosecutor, has established a group known as the National Organized Crime Planning Council (NOCPC) composed of senior career officials from each of the participating investigative agencies. None of the investigative agents assigned to Strike Forces are subject to the control of the Strike Force Chief or the program's leadership, and most of the investigative agencies are not even subject to the control of the Justice Department. NOCPC is therefore intended to involve the agencies themselves in joint planning, direction, control, supervision, and evaluation. So far we are encouraged. On-sight reviews of three Strike Forces by all of the NOCPC members have been productive in persuading agencies to join together with us in the pursuit of our priorities.

5. Morale. Our immediate priority was to restore morale in the program because we believed that the necessary structural and management changes in the program could be made more rapidly and effectively if we had the support and confidence of the program's people, especially those able prosecutors in the field who have remained with the program. That revitalization is almost entirely complete. We have ended the uncertainty about the program's future that was undermining the commitment of its people. Rather than resisting changes, the people in the field seem enthusiastic about them. We intend to maintain high morale -- it is important in the tough and often frustrating work of investigating and prosecuting organized crime figures, and we intend to use that high morale to fuel the new plans that we are implementing in the program.

6. Agency Commitment. We have ended the investigative agencies' concerns that they were investing scarce manpower in a dying program. With a few agencies we have found and tapped an excitement about the program's new goals and plans. The FBI, in particular, has fully committed itself to the program, has begun the process of changing its own goals and strategies to support and enhance our own, has invested substantial manpower in new projects, and has generally contributed excitement and imagination to a new and developing sense of partnership. IRS, relieved of the strong anti-law enforcement bias of its previous leadership, is struggling to resume its role as one of the premier criminal law enforcement agencies, despite the crippling restrictions that the Tax Reform Act of 1976 imposes on cooperation between IRS agents and prosecutors. This is critically important because the IRS's financial investigative expertise is simply unavailable elsewhere. Support and encouragement are needed if IRS is to restore its traditional balance between revenue collection and law enforcement.

Not all of the other agencies are fully participating in the program. In particular, the Department of Labor seems to be decreasing and withdrawing its support and cooperation. That unfortunate trend is not the result of any continuing uncertainty about the program's future but rather of Labor's different priorities. We are particularly disturbed about it because we are convinced that labor racketeering is one of organized crime's most harmful activities. Yet Labor has reduced its effective manpower contribution to the program, rotated its agents so frequently that they cannot undertake the lengthy investigations required in this difficult area, and failed to support and reward its agents for success in this area. In particular in the last three months Labor has virtually ceased to cooperate with us in the important Central States Teamster Pension and Welfare Funds investigation, despite indications of massive fraud by LCN figures. We have asked Labor to reconsider its approach and are hopeful that it will do so.

New Projects and Future Plans

Although we see no point in detailing specific Strike Force objectives here, there are several important projects that are already underway.

We have either open investigations on or are now planning investigations of three national labor unions which our intelligence indicates have been at least partially infiltrated by organized crime. Two of those investigations are well underway and have been expanded from investigations of a few high union officials to comprehensive multi-district probes of corruption at all levels in the unions. With the FBI we are now actively planning a large-scale national investigation of another union which will again require the cooperation of a number of different U.S. Attorneys around the country. The exploratory and planning phases of that probe should be completed by early fall. Finally, at our instruction, each Strike Force is now gathering intelligence information on labor racketeering in its area and planning appropriate investigations.

We are now making plans to attack three areas of organized crime's infiltration, exploitation, and abuse of legitimate businesses. First, we see indications that organized crime may be attempting to take over medium-size banks in some areas of the country in order to gain control of the pools of capital that they represent. Our Strike Forces have been instructed to examine that situation in their districts and to institute investigations. Second, we are intent upon devising some means to reduce the increasing incidence of "bust-outs," fraudulent schemes under which mobsters gain control of a business, use the full extent of its credit, divert its assets to their own use, and leave the business bankrupt. Third, we are examining several industries in which mobsters have acquired control of legitimate businesses and used illegal means to try to drive their honest competitors from the field. In all of those areas, as is true of financial crimes generally, it will be essential to ensure that our access to critical financial records of mobsters and their front men is not stymied as it would be under the proposed privacy legislation now before the Congress.

Finally, we are planning three different steps within the program. First, our intelligence operation needs a major reorganization so that it can more helpfully assist us in making our plans and assessing our impact. Second, we intend to require a much greater utilization of the criminal forfeiture powers, civil injunctive remedies, and special sentencing provisions available under the 1970 organized crime legislation. Third, we have already opened field offices in Phoenix and Las Vegas, and we plan to establish one in Atlantic City to monitor the LCN movement that has already occurred there in response to legalized gambling. We are also considering reestablishing a presence in New Orleans where one of our Strike Forces was closed last year.

Conclusion

We are pleased with what has been done since February to revitalize and redirect the federal organized crime program, and we are excited by the prospects for the future. We believe that the changes that have been made and our plans for the future offer a realistic hope that we can reduce the most harmful effects of organized crime on American life.

THE WHITE HOUSE

WASHINGTON

July 1, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: The Attorney General's Report
on Organized Crime

I have reviewed the Attorney General's memo on organized crime. I would urge that the Administration make a major statement on organized crime early this fall. However, discussion between members of my staff and a number of crime experts lead us to believe that the statement, and the new policy, will not be well received unless we first resolve a number of basic issues:

- (1) Should we try to mobilize not only the Federal, but state and local agencies in a cooperative effort to combat organized crime?
- (2) Can and should funds be diverted from the existing LEAA program to support this kind of cooperative effort in prosecution and investigation?
- (3) What are the implications of this kind of initiative for the organization of the Justice Department's crime efforts? In particular, can we improve the system by shifting responsibility for litigation of routine cases more from Washington to U.S. Attorneys' Offices and from the Federal government to the state, where state violations are involved? Would this require an upgrading of the quality of U.S. Attorneys' staff? The purpose of this approach would be to place most prosecution in the field, and free the Washington staff for technical assistance and high priority issues (like coordination of major organized crime efforts ranging across jurisdictions).

Recommendation

We would recommend that the Justice Department and OMB Reorganization Team be asked to explore questions along these lines and report back to you early this fall.

Date: June 27, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat

FOR INFORMATION:

*X C Cap ✓
Gutterre 2 ✓*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bob Lipshutz's memo 6/23/77 re The Attorney
General's Report on Organized Crime..YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 3:00 PM

DAY: Wednesday

DATE: June 29, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

SECRET

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required
material, please telephone the Staff Secretary immediately. (Telephone: 7052)

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN.

C

ACTION

25 June 1977

TO: THE PRESIDENT
FROM: RICK HUTCHESON *Rh*
SUBJECT: SUMMARY of Watson Memo, "Federal Regional Council Reform," and of Comments by Eizenstat and Lance/McIntyre

I. Watson's May 20 Recommendations on FRC Reform. See Tab A.

II. Reaction of Governors to FRC reform proposals.

Jack reports that his office had direct contact with 47 Governors. They were virtually unanimous in expressing dissatisfaction with the current FRCs, and in the view that there must be a more effective coordinating capability in the field. All the Governors with whom Jack's office spoke were enthusiastically in favor of a full-time presidential chairperson and for revised FRC membership, according to Jack.

III. Reaction of the Cabinet to FRC reform proposals.

Jack says that HUD, HEW, DoL, EPA, and Commerce all strongly support the reforms, and that GSA, Agriculture and VA also support the proposed changes. Commerce endorsed the recommendations while emphasizing the need to look at overall Title V Commission questions once the FRC question is settled.

DOT, Interior and CSA are doubtful that a change in FRC structure by itself will solve the problem in the absence of clear direction and support from the President and Cabinet (Jack agrees). DOT and Interior also question the elimination of the Federal Executive Boards.

There is a strong preference among both the departments and state/local officials for housing the presidential representatives in the EOP, with a clear reporting relationship to the President, according to Jack.

IV. Criticisms of the FRC reform proposals.

Jack observes that there is unanimous agreement among Lance, McIntyre, Eizenstat, Moore and Watson on the need for reform,

and that the FRC proposal should be integrated with the EOP reorganization. Frank points out that the best vehicle for passing FRC reforms would be through submission as part of the reorganization plan. However, Lance, McIntyre and Eizenstat have expressed several reservations about the proposed reforms, to which Jack has responded.

A. the "Court of Appeals" problem

Lance, McIntyre and Eizenstat have expressed management and political concerns that the proposal would overload the White House with complaints and appeals from unhappy public officials and private citizens, that the White House would become a "court of appeals" for governors and mayors for hundreds of specific problems with federal programs.

Jack observes that the problems would not come directly to the President's IGR Assistant/Cabinet Secretary, but instead would go to the Under Secretaries Group (USG), which is co-chaired by Watson and McIntyre.

Jack also points out that:

1. he and his staff already handle "ombudsman" problems, as does OMB;
2. he is working to strengthen the intergovernmental capability of departments, and is referring as many problems to them as possible;
3. a full-time chairperson would be a useful contact point on lesser issues, and might keep many matters away from Washington;
4. smaller cities/counties do not often appeal to the White House now; governors and big-city mayors frequently do -- and the proposed reforms are unlikely to change this;
5. it is a plus that some problems not now coming to White House attention would reach it under the plan; the White House should know about cross-cutting, interagency management problems;
6. the presidential representative would attempt to solve as many problems as possible in the field; single agency problems would be referred to that agency; the presidential representative would deal only with inter-agency problems.

B. competition between the White House and the "constituency service" role of Members of Congress

Eizenstat, Lance and McIntyre express concern that the FRC chairpersons might be seen by congressmen as competing with the constituency service role of Congress - bypassing congressional case work.

Jack responds that the FRC chairpersons would deal only with interagency/intergovernmental matters, not just any constituency problem. Jack says his proposal would address directly a common congressional complaint about lack of program coordination in the field.

C. adding more staff to the EOP conflicts with reorganization goals

Lance, McIntyre and Eizenstat object to adding 30 additional positions to the White House staff, while the EOP reorganization effort is trying to reduce the EOP staff. Stu mentions the possibility of other detailees and likely expansion over time. Lance and Eizenstat believe that any decisions on the FRC reform should wait until the EOP reorganization team thoroughly reviews the proposed plan. Proposals regarding additional EOP staff should be considered in the context of the overall EOP reorganization.

Correct
Jack states that he does not suggest placing the FRC chairpersons or their staff on the White House payroll. Rather, he favors placing the 10 chairpersons on the EOP payroll, and drawing 20 additional positions from participating departments. Although Jack sees advantages to placing all 30 positions in the EOP, he assumes that the President's desire to cut down the total size of the EOP outweighs those advantages.

D. involving the President too directly in tough local issues

Eizenstat observes that the proposed presidential appointees in each federal region would be very powerful figures, having jurisdiction over all agencies at that level. The appointees would be in highly exposed, political jobs, viewed as direct presidential surrogates, but the White House would have little effective control over them.

Stu believes the proposal involves the White House too directly. The President or his staff may be blamed for every mistake made by the federal government at the local level.

Lance and McIntyre are concerned that the proposals would raise expectations about the President's ability to solve many tough local problems with federal programs - many of which are tough and not easily solved - and that embarrassing disappointment and disillusionment might quickly result.

Jack responds that it will be necessary to raise some hopes and take some risks if an effort is going to be made to make the system work better. He is "convinced that there is no solution to this problem that is free of imperfections and shortcomings."

E. inadequate consideration of other options

Lance and McIntyre state their opinion that other options have been inadequately considered. They mention several:

1. having the FRC chairpersons selected from among the best regional directors, reporting to the USG group. They concede that this is not much of a change from the present system. Jack observes, "this is exactly what we have now, and it doesn't work for all the reasons we have previously discussed."

2. have the White House and OMB work to assure that better intergovernmental and interagency coordination takes place. Jack states his enthusiastic agreement, but says this approach is clearly not an adequate response to the problems.

3. abolishing the FRCs altogether. Lance and McIntyre state that governors and the Cabinet are in agreement that the FRCs have not worked well in the past, chiefly because the chairman does not have the authority to force inter-agency or intergovernmental coordination. They acknowledge, however, that abolishing the FRCs without simultaneously trying to design a better system is unacceptable, and Jack says that "without exception, everyone we talked to rejected this as a viable option."

4. Lance and McIntyre recommend that the FRCs be abolished as currently constituted by September 30, and that the President's reorganization project be assigned the task of reviewing the problem as a priority assignment.

Jack replies that he and his staff have spent the past 4 months considering the issue. In addition to consulting with the Departments, governors, the FRCs, state/local officials, and citizens groups, Jack's review has already had the benefit of a 6-month study conducted by OMB last Fall.

Jack argues that to manage and coordinate the federal regional system better, it is necessary to put some coordinators in the field and give them a workable linkage back to Washington. He states, "whatever else we need, we do not need another study. We need to decide what we want to do, and how, so that we can put the pervasive uncertainty and inertia on this subject in the field to rest."

Jack recommends that he, Eizenstat, Jordan, Lance, Moore, and McIntyre meet with the President to discuss the matter and decide on a workable course of action.

V. Presidential Decision:

_____ Make no decision now pending review of the proposed plan and recommendations by the EOP reorganization study group. (Eizenstat)

_____ Abolish the FRCs as currently constituted by September 30; the reorganization project group should take on the problem of federal regional coordination as a priority assignment. (Lance, McIntyre)

✓ _____ Meeting between the President, Watson, Jordan, Lance, Eizenstat, Moore, and McIntyre to discuss the matter and decide on a workable course of action. (Watson)

~~Other~~ *This involves W. House so directly that EOP/FRC decision must be the same one.*

J.C.

Attachments:

Tab A - Watson, "Principal Recommendations Made on May 20"

Tab B - Watson, "Follow up on Federal Regional Council Reform"

Eizenstat, "Proposed Reorganization of the Federal Regional Councils"

Lance & McIntyre, "Watson Memo re Follow up on Federal Regional Council Reforms"

Watson (rebuttal), "Federal Regional Council Reform"

A

PRINCIPLE RECOMMENDATIONS MADE ON MAY 20

Eliminate 26 Federal Executive Boards

Establish 10 Regional Coordinating Councils (RCC's), with one in each regional headquarters city

Eliminate 10 Federal Regional Councils

Explore making the Title V and RCC boundaries coterminous

Explore the possible elimination of Title II Commissions

Approve designation of Mid-Atlantic and Mid-America Title V Applications

CHARACTERISTICS OF PROPOSED REGIONAL COORDINATING COUNCILS

Mission

- Interagency coordination in the field
- Intergovernmental liaison

Chairmanship

- Presidential appointee serving full-time
 - Acts as Administration ombudsman in field;
 - Reports to the Under-Secretaries Group;
 - Chairs the RCC;
 - Coordinates ad hoc working groups as needed;
 - Serves as a neutral convener and problem identifier, parallel to the role of the Secretary to the Cabinet in Washington.

Membership

- Reduce the core group of federal agencies from the present 11 FRC members to 5 or 6 drawn from HUD, HEW, DOC, DOT, DOE, DOL, EPA
- Ad hoc working groups as deemed necessary by the chairperson

Staffing

- Full-time executive assistant and secretary detailed from the Departments

MEMORANDA WHICH WERE
SUMMARIZED

B

THE WHITE HOUSE

WASHINGTON

June 17, 1977

MEMORANDUM FOR:

The President

FROM:

Jack Watson *Jack*

SUBJECT:

Follow up on Federal Regional Council Reform

In the course of our meeting on May 20th on the Federal Regional Presence, you asked for clarification on three issues before making a final decision on our proposals:

- o What is the reaction of the Governors to the proposal?
- o What is the reaction of the Cabinet?
- o How do we avoid making the White House a "Court of Appeal" for a wide array of state and local problems if we heighten their expectations by placing a "Presidential representative" in the field?

Reaction of the Governors

The proposals we made to you were drawn from suggestions and comments we received from Governors, Under Secretaries, Public Interest Groups, FRC Chairpersons and Executive Directors, and others. Over the past few weeks we have had direct contact with 47 Governors. They were virtually unanimous in expressing their dissatisfaction with the current FRCs but were equally consistent in the view that there must be a more effective coordinating capability in the field.

We received enthusiastic support for a full-time Presidential chairperson and for revised FRC membership from all of the Governors with whom we spoke.

Reaction of the Cabinet

Of the most likely five core ROC departments (HUD, HEW, Commerce, DOL, and EPA), all strongly support the reforms. HUD describes the proposal as "reinforcing the goals of this Department." HEW states that we "badly need effective problem solvers in the field" and that the proposal "holds real promise for achieving this purpose." EPA and DOL expressed "enthusiastic"

support. Commerce endorsed the recommendations while emphasizing the need to look at overall Title V Commission questions once the FRC question is settled. Reactions from other departments vary: DOT, Interior and CSA are generally doubtful that a change in FRC structure by itself will solve the problem in the absence of clear direction and support from the President and the members of the Cabinet (I agree); DOT and Interior also question elimination of the Federal Executive Boards; and GSA, Agriculture and VA support the proposed changes.

Several departments cited the parallel between the role of the Presidential representative in the field and the Cabinet Secretary/IGR Assistant in Washington. There is a strong preference among both the Departments and state and local officials for "housing" the Presidential representatives in the EOP, with a clear reporting relationship to the President.

White House as "Court of Appeal"

Some have expressed management and political concerns that, under the proposal, the White House might become overloaded with complaints and appeals from unhappy public officials and private citizens. In a "worst case" situation, the negative impact of the problem might outweigh the advantages of the proposal. These concerns are counterbalanced by the following factors:

- o Under the present arrangement, my staff and I already handle "ombudsman" problems, as does OMB. In my opinion, that function is not only an appropriate part of our role, it serves as a very useful early warning system.
- o We are actively working to strengthen the intergovernmental capability of the Departments and are referring as many problems as possible to them. This approach is significantly reducing the burden on us and reinforcing the appropriate departmental role in this area.
- o Smaller cities and counties do not often appeal to the White House now, and are not likely to do so any more under the proposed arrangement. On the other hand, Governors and big city mayors frequently contact White House staff members now, and will continue to do so on important issues no matter what organizational structure we adopt. At the same time, a full-time chairperson would serve as a useful contact point on lesser issues and would actually keep many matters away from Washington.

- o Although some problems not now coming to our attention would reach us under the proposed plan, I think that's a plus. It is the cross-cutting, interagency management problems occurring in the field which we need to know about in order to do our jobs well.
- o The Presidential representative would systematically refer problems involving a single agency to that agency. His/her mandate would extend only to inter-agency problems. Moreover, his/her clear instruction would be to resolve as many problems in the field as possible and to use the lead agency concept to the maximum extent.
- o Finally, when confronted with the drawbacks of both the current arrangement and the alternative reforms, I think the limited risks of the proposed approach are worth taking.

White House Staff Reactions

As a follow up to our meeting with you, I have had discussions with Stu, Frank, Mark Siegel, Harrison Wellford and Jim McIntyre. All agree with the need for major reform of the FRCs and believe it would be valuable to have a full-time Chairperson in each of the ten revised regional bodies.

There is also a unanimous view that any decision to implement the FRC proposal should be integrated with the EOP reorganization. We have worked with the reorganization staff, and the proposal you receive from them will include a suggestion on how to implement the FRC proposals in the context of their overall plans. Frank Moore particularly made the point that the submission of the reorganization plan to Congress provides the best vehicle for getting approval of the FRC reforms.

Stu and OMB expressed concern about the "Court of Appeal" problem addressed above. As a further protection against bringing too many case-work problems too close to the President, OMB and I jointly recommend that the Chairpersons report to the Under Secretaries Group, (USG), rather than directly to the Assistant to the President for Intergovernmental Relations. The USG is co-chaired by Jim McIntyre (or his designee) and by me.

Stu also expressed concern that the role of the Chairpersons might be seen by many Congresspersons as competing with their constituency-serving role. On the other hand, one of the most frequent complaints/criticisms voiced by members of Congress relates to lack of program coordination in the field; the proposal directly addresses that concern. Moreover, as we have defined the role of the Chairperson, he/she would not deal with any constituency issues but only with interagency-intergovernmental matters. I am convinced that if we are to manage the government more effectively, the intergovernmental problems now going to the Congress must also be brought to our attention.

THE WHITE HOUSE

WASHINGTON

June 17, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Proposed Reorganization of the
Federal Regional Councils

I agree with Jack that the Federal Regional presence may need reform. I think some of his proposed changes offer real possibilities for such reform. I do have several concerns, however, with the proposed changes.

1) I think any decisions should await the ongoing study of the Executive Office of the President. The effects on the Executive Office of the President must be carefully considered. I am concerned that the placement of the regional council payroll on the EOP will not only balloon the size of the EOP (initially 30 additional slots are contemplated, but that excludes the expected detailees and the likely expansion over time), but will also bring so many federal regional problems directly to the White House. Further study is needed, I believe, to determine whether these concerns are justified. I recommend, therefore, that the ongoing reorganization study of the Executive Office of the President be allowed to review the proposed plan and make its objective recommendations.

The importance of having the EOP study team review the proposal cannot be overemphasized. Not only does the team bring the experience and knowledge about the EOP accumulated over the past several months, but it deserves the opportunity to comment on a proposal which can affect significantly the organization of the Executive Office of the President. The study team's credibility will be impaired if changes in the EOP are made independent

of the team's opportunity to at least consider those changes and make recommendations consistent with the overall EOP reorganization. If there is a strong possibility, for instance, of having 30 additional EOP employees, the study team should have the opportunity to factor that possibility in its recommendations on the staff size of other EOP units.

2) One of the difficulties I see in placing an individual in the regions with direct White House ties will be the concern of members of Congress that, when there are problems with federal programs, constituents tend to contact their Congressman or Senator. Solving those problems has become a major activity for members of Congress. With the creation of a strong federal White House presence in the regions, it is possible that problems will filter to the White House and bypass the Congress. If that were to occur, I assume many members of Congress would be upset with the loss of one of their main links to constituents. I think Frank should carefully review the proposal with members of Congress prior to any final decision by you.

3) The Presidential appointees in each federal region will be very powerful figures having jurisdiction over all agencies at this level. Those appointees will be in highly exposed, political jobs. They will be viewed as direct Presidential surrogates---yet we will have little effective control over them.

4) The procedure by which the regional council reports back to Washington involves too directly the White House and thus the President. The President or his staff may be blamed for every mistake made by the Federal government at the local level.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

June 20, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: BERT LANCE

JIM MCINTYRE

SUBJECT: Watson 6/17/77 Memorandum re Follow Up on Federal Regional Council Reforms

This is the OMB response to Jack Watson's subject memo to the President on Federal Regional Council reforms.

OMB is in agreement that the current Federal Regional Council system has not worked well and should either be abolished or strengthened but not be allowed to continue as in the past.

However, OMB disagrees with, and does not endorse the recommendation that the Chairmen of the new structure be Presidential appointees confirmed by the Senate, serving full time in each of the ten regions, and reporting to the President through the Assistant to the President for Intergovernmental Relations for the following reasons:

- ° It brings the President in too closely to hundreds of program management issues that will arise when state and local officials bring their detailed program complaints to the proposed Presidential Chairmen. The President should not be a "Court of Appeals" for Governors and Mayors on hundreds of specific problems with federal programs.
- ° We are in disagreement that 30 positions should be added to White House staff for this purpose as proposed while the EOP Reorganization effort is trying to reduce EOP staff. The proposal should be considered in the context of the overall EOP reorganization and its priority measured against other EOP proposals for change.
- ° We are in agreement with Stu Eizenstat's concern that Congress might see the full time White House Chairmen in

each region as competing with their constituency-serving role. This could cause a serious problem in attempting to deal with Congress on Reorganization proposals.

- ° Expectations will be raised in state and local officials that the assignment of a White House official reporting to the President will solve many of their problems with federal programs. But the underlying problems are tough and not easily solved and the proposed Chairmen will have no authority over agency programs to make the desired changes. Disappointment and disillusionment can come early and embarrass the President.

It is also our opinion that other options have not been adequately considered. One is to have the Chairmen not assigned to EOP at all but rather be selected among the best Regional Directors in the core agencies and report to a greatly re-invigorated Under Secretaries Group chaired by Jack Watson and Jim McIntyre. This would have the advantage of not raising the EOP staff issue nor Congressional concern. The disadvantage is that this is not much of a change from the current system.

Another option is to have both the White House and OMB, working with the Under Secretaries Group and agency intergovernmental liaison officers, assure that better intergovernmental and inter-agency coordination takes place. The White House Intergovernmental office would be involved in overall intergovernmental policy while OMB Intergovernmental Relations staff would work out the intergovernmental management problems on a day-to-day, ad hoc basis both in Washington and in the field.

Another option that should be seriously considered is to abolish FRC's altogether. The Governors and the Cabinet are in agreement they have not worked well in the past, chiefly because the Chairman does not have the authority to force interagency or intergovernmental coordination. The current proposal does not solve that problem.

However, abolishing the FRC's without simultaneously making the effort to design a better system to more effectively coordinate federal program delivery is unacceptable. Therefore, in considering all of the above arguments, I recommend that the FRC's be abolished as currently constituted by September 30th and the President's Reorganization Project be assigned the task of reviewing the problem of federal interagency and intergovernmental coordination in the delivery of federal resources to the public and to state and local officials throughout the country as a priority assignment.

THE WHITE HOUSE

WASHINGTON

June 23, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: Jack Watson *Jack*
SUBJECT: FEDERAL REGIONAL COUNCIL REFORM

After struggling with this issue for several months, I have concluded that it is like the proverbial tar baby: every time I give it another lick or a good swift kick, I get further caught up in the problems.

After all is said and done, there is really only one issue involved in a review of the federal regional presence:

- Do we want to try to manage the regional activities of the federal government more effectively, or not?

If we do not, we can leave the system (which everyone acknowledges to be a failure) as it is, or we can abolish even the semblance of a federal coordinating and implementing capability outside of Washington.

On the other hand, if we want to try to make the system work better, by managing and coordinating it better, we need to put some coordinators in the field and give them a workable linkage back to Washington.

I am attaching three short memoranda for your review:

- One from me reporting the results of our survey efforts since the meeting with you on May 20th in answer to the questions you posed;
- A memorandum from Bert Lance and Jim McIntyre commenting on my memorandum; and
- A memorandum from Stu.

I apologize for submitting three separate memoranda on the subject, but, since all three are brief, thought it best to let you have the full flavor of everyone's views, rather than to summarize them. I tried to respond to Stu's concerns in my attached memorandum and have only these comments to make to Bert's and Jim's memorandum of June 20th. I have said all of these things directly to Bert and Jim.

(1) As is clear in my attached memorandum, I do not suggest that the ten regional chairpersons report to me. On page 3 of that memorandum, I suggest that they report to the Under Secretaries Group which is co-chaired by OMB and myself. I also do not suggest that the positions created be confirmable posts.

(2) I also do not suggest the placement of the chairpersons or their staff on the White House payroll. I did not address that issue in my memorandum and, in fact, suggested on page 3 that implementation of your decision on this subject should be integrated with the overall EOP reorganization. My personal view is that only the ten chairpersons should be added to the Executive Office of the President (not the White House staff), and that the total of 20 positions necessary to staff all ten chairpersons be drawn from the participating departments. Although there are definite advantages to placing all 30 positions in the EOP, I have assumed that your desire to cut the total size of the EOP outweighs those advantages.

(3) Bert's and Jim's points about possible adverse Congressional reaction and raising expectations of state and local officials are briefly addressed in my attached memorandum. Of course the problems are tough and not easily solved, and of course neither this proposal, nor any other, will be a panacea. At the same time, if we are to try to do something to make the system work better, we will necessarily raise some hopes and take some risks. I am convinced that there is no solution to this problem that is free of imperfections and shortcomings.

(4) As to consideration of other options, we have spent the last four months considering all the options outlined on page 2 of Bert and Jim's memorandum and countless others. Our review of the whole subject had the benefit of a six-month study of the FRC's, which was conducted by OMB last Fall. In addition to the OMB study, we have consulted endlessly with the Cabinet Secretaries, Under Secretaries and other departmental people; all the Governors; all of the FRC's and their staffs; other state and local officials; and citizens' groups. Our recommendations emanate from all that consultation and our own analysis and synthesis of what we learned.

My comments on the four options mentioned by Bert and Jim are as follows:

- The first option suggested by Bert and Jim is to have one of the departmental regional directors also serve as chairperson of the Regional Coordinating Commission. This is exactly what is done now, and it doesn't work for all the reasons we have previously discussed.

- Their second option is basically a proposal for better intergovernmental and interagency coordination in Washington. I enthusiastically endorse that goal, but it is clearly not an adequate response to our coordination and communication problems in the field.
- Their third option is to abolish the FRC's altogether and substitute nothing. Without exception, everyone we talked to rejected this as a viable option and stressed the pressing need for improved coordination and implementation mechanisms outside of Washington.
- Their final option, and the one apparently favored by Bert and Jim, is to study the matter further while committing ourselves to abolishing the FRC's by September 30th. Whatever else we need, we do not need another study. We need to decide what we want to do and how, so that we can put the pervasive uncertainty and inertia on this subject in the field to rest.

I recommend that you sit down with Bert, Jim, Stu, Ham, Frank, and me to discuss the matter and decide upon a workable course of action.

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

The Vice President *VC by phone*
Hamilton Jordan* Midge Costanza
Bob Lipshutz
Frank Moore
Jody Powell
Bert Lance *attended - strong disagree*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Jack Watson's memo 6/17/77 re Follow up on Federal
Regional Council Reform.

* *He does not have strong feelings about it - he has not studied it.*

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: *2:00 PM* *you smk*

DAY: Monday

DATE: June 20, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

50
THE WHITE HOUSE
WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Bert Lance

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Jack Watson's memo 6/17/77 re Follow up on Federal
Regional Council Reform.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 1:00 PM

DAY: Monday

DATE: June 20, 1977

ACTION REQUESTED:

☒ Your comments
Other:

STAFF RESPONSE:

☐ I concur. ☐ No comment.
Please note other comments below:

Ricic —
PLEASE NOTE HAT'S
COMMENTS IN THE LAST PAGE.
LANDON

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

THE WHITE HOUSE

WASHINGTON

June 17, 1977

MEMORANDUM FOR:

The President

FROM:

Jack Watson *Jack*

SUBJECT:

Follow up on Federal Regional Council Reform

In the course of our meeting on May 20th on the Federal Regional Presence, you asked for clarification on three issues before making a final decision on our proposals:

- o What is the reaction of the Governors to the proposal?
- o What is the reaction of the Cabinet?
- o How do we avoid making the White House a "Court of Appeal" for a wide array of state and local problems if we heighten their expectations by placing a "Presidential representative" in the field?

Reaction of the Governors

The proposals we made to you were drawn from suggestions and comments we received from Governors, Under Secretaries, Public Interest Groups, FRC Chairpersons and Executive Directors, and others. Over the past few weeks we have had direct contact with 47 Governors. They were virtually unanimous in expressing their dissatisfaction with the current FRCs but were equally consistent in the view that there must be a more effective coordinating capability in the field.

We received enthusiastic support for a full-time Presidential chairperson and for revised FRC membership from all of the Governors with whom we spoke.

Reaction of the Cabinet

Of the most likely five core RCC departments (HUD, HEW, Commerce, DOL, and EPA), all strongly support the reforms. HUD describes the proposal as "reinforcing the goals of this Department." HEW states that we "badly need effective problem solvers in the field" and that the proposal "holds real promise for achieving this purpose." EPA and DOL expressed "enthusiastic"

support. Commerce endorsed the recommendations while emphasizing the need to look at overall Title V Commission questions once the FRC question is settled. Reactions from other departments vary: DOT, Interior and CSA are generally doubtful that a change in FRC structure by itself will solve the problem in the absence of clear direction and support from the President and the members of the Cabinet (I agree); DOT and Interior also question elimination of the Federal Executive Boards; and GSA, Agriculture and VA support the proposed changes.

Several departments cited the parallel between the role of the Presidential representative in the field and the Cabinet Secretary/IGR Assistant in Washington. There is a strong preference among both the Departments and state and local officials for "housing" the Presidential representatives in the EOP, with a clear reporting relationship to the President.

White House as "Court of Appeal"

Some have expressed management and political concerns that, under the proposal, the White House might become overloaded with complaints and appeals from unhappy public officials and private citizens. In a "worst case" situation, the negative impact of the problem might outweigh the advantages of the proposal. These concerns are counterbalanced by the following factors:

- o Under the present arrangement, my staff and I already handle "ombudsman" problems, as does OMB. In my opinion, that function is not only an appropriate part of our role, it serves as a very useful early warning system.
- o We are actively working to strengthen the intergovernmental capability of the Departments and are referring as many problems as possible to them. This approach is significantly reducing the burden on us and reinforcing the appropriate departmental role in this area.
- o Smaller cities and counties do not often appeal to the White House now, and are not likely to do so any more under the proposed arrangement. On the other hand, Governors and big city mayors frequently contact White House staff members now, and will continue to do so on important issues no matter what organizational structure we adopt. At the same time, a full-time chairperson would serve as a useful contact point on lesser issues and would actually keep many matters away from Washington.

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- o The Presidential representative would systematically refer problems involving a single agency to that agency. His/her mandate would extend only to inter-agency problems. Moreover, his/her clear instruction would be to resolve as many problems in the field as possible and to use the lead agency concept to the maximum extent.
- o Finally, when confronted with the drawbacks of both the current arrangement and the alternative reforms, I think the limited risks of the proposed approach are worth taking.

White House Staff Reactions

As a follow up to our meeting with you, I have had discussions with Stu, Frank, Mark Siegel, Harrison Wellford and Jim McIntyre. All agree with the need for major reform of the FRCs and believe it would be valuable to have a full-time Chairperson in each of the ten revised regional bodies.

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The President
June 17, 1977
Page Four

Hamilton's people see strong political attraction to the proposal, do not see the "Court of Appeal" problem as politically troublesome, and strongly favor implementing the plan.

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Hamilton Jordan Midge Costanza
Bob Lipshutz
Frank Moore
Jody Powell
Bert Lance

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Jack Watson's memo 6/17/77 re Follow up on Federal
Regional Council Reform.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 1:00 PM

DAY: Monday

DATE: June 20, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

I urge the President to adopt this proposal as part of his effort to bring government closer to the people. Any effort to assist in cutting through the red tape of government is a step in the right direction. I concur with Jack's recommendations and share his views as to reporting procedures.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

THE WHITE HOUSE

WASHINGTON

Date: June 17, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Hamilton Jordan Midge Costanza
Bob Lipshutz
Frank Moore
Jody Powell
Bert Lance

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Jack Watson's memo 6/17/77 re Follow up on Federal Regional Council Reform.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 1:00 PM

DAY: Monday

DATE: June 20, 1977

ACTION REQUESTED:

☒ Your comments
Other: _____

STAFF RESPONSE:

_____ I concur. _____ No comment.

Please note other comments below:

I urge the President to adopt this proposal as part of his effort to bring government closer to the people. Any effort to assist in cutting through the red tape of government is a step in the right direction. I concur with Jack's recommendations and share his views as to reporting procedures.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 20, 1977

1977 JUN 21 AM 11 28

MEMORANDUM FOR THE PRESIDENT

FROM: BERT LANCE *B. Lance*

JIM MCINTYRE *J. McIntyre*

SUBJECT: Watson 6/17/77 Memorandum re Follow Up on Federal
Regional Council Reforms

This is the OMB response to Jack Watson's subject memo to the President on Federal Regional Council reforms.

OMB is in agreement that the current Federal Regional Council system has not worked well and should either be abolished or strengthened but not be allowed to continue as in the past.

However, OMB disagrees with, and does not endorse the recommendation that the Chairmen of the new structure be Presidential appointees confirmed by the Senate, serving full time in each of the ten regions, and reporting to the President through the Assistant to the President for Intergovernmental Relations for the following reasons:

- ° It brings the President in too closely to hundreds of program management issues that will arise when state and local officials bring their detailed program complaints to the proposed Presidential Chairmen. The President should not be a "Court of Appeals" for Governors and Mayors on hundreds of specific problems with federal programs.
- ° We are in disagreement that 30 positions should be added to White House staff for this purpose as proposed while the EOP Reorganization effort is trying to reduce EOP staff. The proposal should be considered in the context of the overall EOP reorganization and its priority measured against other EOP proposals for change.
- ° We are in agreement with Stu Eizenstat's concern that Congress might see the full time White House Chairmen in

each region as competing with their constituency-serving role. This could cause a serious problem in attempting to deal with Congress on Reorganization proposals.

- Expectations will be raised in state and local officials that the assignment of a White House official reporting to the President will solve many of their problems with federal programs. But the underlying problems are tough and not easily solved and the proposed Chairmen will have no authority over agency programs to make the desired changes. Disappointment and disillusionment can come early and embarrass the President.

It is also our opinion that other options have not been adequately considered. One is to have the Chairmen not assigned to EOP at all but rather be selected among the best Regional Directors in the core agencies and report to a greatly re-invigorated Under Secretaries Group chaired by Jack Watson and Jim McIntyre. This would have the advantage of not raising the EOP staff issue nor Congressional concern. The disadvantage is that this is not much of a change from the current system.

Another option is to have both the White House and OMB, working with the Under Secretaries Group and agency intergovernmental liaison officers, assure that better intergovernmental and inter-agency coordination takes place. The White House Intergovernmental office would be involved in overall intergovernmental policy while OMB Intergovernmental Relations staff would work out the intergovernmental management problems on a day-to-day, ad hoc basis both in Washington and in the field.

Another option that should be seriously considered is to abolish FRC's altogether. The Governors and the Cabinet are in agreement they have not worked well in the past, chiefly because the Chairman does not have the authority to force interagency or intergovernmental coordination. The current proposal does not solve that problem.

However, abolishing the FRC's without simultaneously making the effort to design a better system to more effectively coordinate federal program delivery is unacceptable. Therefore, in considering all of the above arguments, I recommend that the FRC's be abolished as currently constituted by September 30th and the President's Reorganization Project be assigned the task of reviewing the problem of federal interagency and intergovernmental coordination in the delivery of federal resources to the public and to state and local officials throughout the country as a priority assignment.

THE WHITE HOUSE

WASHINGTON

June 17, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Proposed Reorganization of the
Federal Regional Councils

I agree with Jack that the Federal Regional presence may need reform. I think some of his proposed changes offer real possibilities for such reform. I do have several concerns, however, with the proposed changes.

1) I think any decisions should await the ongoing study of the Executive Office of the President. The effects on the Executive Office of the President must be carefully considered. I am concerned that the placement of the regional council payroll on the EOP will not only balloon the size of the EOP (initially 30 additional slots are contemplated, but that excludes the expected detailees and the likely expansion over time), but will also bring so many federal regional problems directly to the White House. Further study is needed, I believe, to determine whether these concerns are justified. I recommend, therefore, that the ongoing reorganization study of the Executive Office of the President be allowed to review the proposed plan and make its objective recommendations.

The importance of having the EOP study team review the proposal cannot be overemphasized. Not only does the team bring the experience and knowledge about the EOP accumulated over the past several months, but it deserves the opportunity to comment on a proposal which can affect significantly the organization of the Executive Office of the President. The study team's credibility will be impaired if changes in the EOP are made independent

of the team's opportunity to at least consider those changes and make recommendations consistent with the overall EOP reorganization. If there is a strong possibility, for instance, of having 30 additional EOP employees, the study team should have the opportunity to factor that possibility in its recommendations on the staff size of other EOP units.

2) One of the difficulties I see in placing an individual in the regions with direct White House ties will be the concern of members of Congress that, when there are problems with federal programs, constituents tend to contact their Congressman or Senator. Solving those problems has become a major activity for members of Congress. With the creation of a strong federal White House presence in the regions, it is possible that problems will filter to the White House and bypass the Congress. If that were to occur, I assume many members of Congress would be upset with the loss of one of their main links to constituents. I think Frank should carefully review the proposal with members of Congress prior to any final decision by you.

3) The Presidential appointees in each federal region will be very powerful figures having jurisdiction over all agencies at this level. Those appointees will be in highly exposed, political jobs. They will be viewed as direct Presidential surrogates---yet we will have little effective control over them.

4) The procedure by which the regional council reports back to Washington involves too directly the White House and thus the President. The President or his staff may be blamed for every mistake made by the Federal government at the local level.

MEMORANDUM
OF CALL

TO:

Bill

☐ YOU WERE CALLED BY—

☐ YOU WERE VISITED BY—

OF (Organization)

☐ PLEASE CALL →

PHONE NO.
CODE/EXT. _____

☐ WILL CALL AGAIN

☐ IS WAITING TO SEE YOU

☐ RETURNED YOUR CALL

☐ WISHES AN APPOINTMENT

MESSAGE

*The VP has no comment
re Watson memo on
Fed. Regional Council
reform.*

RECEIVED BY

DATE

TIME

6/20

STANDARD FORM 63

REVISED AUGUST 1967

GSA FPMR (41 CFR) 101-11.6

GPO : 1969-048-16-80341-1 332-889

63-108

THE WHITE HOUSE
WASHINGTON

July 5, 1977

Stu Eizenstat -

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

Re: Clinch River Breeder Reactor
Project

MIKE McCORMACK
4TH DISTRICT, WASHINGTON

COMMITTEES:
PUBLIC WORKS AND
TRANSPORTATION
SCIENCE AND TECHNOLOGY
CHAIRMAN
SUBCOMMITTEE ON ADVANCED ENERGY
TECHNOLOGIES AND CONSERVATION
AD HOC COMMITTEE ON ENERGY

Congress of the United States
House of Representatives
Washington, D.C. 20515

July 1, 1977

THE PRESIDENT HAS SEEN.

The President
The White House
Washington, D. C.

Dear Mr. President:

It now seems likely that the Congress will fund continued construction of the Clinch River Breeder Reactor Project and will provide limited financial support for the separations facility at Barnwell.

In view of this probability and the general negative reaction within the international community to your proposals to postpone breeder development and nuclear fuel reprocessing, I suggest that you may wish to undertake a modified approach to your campaign to limit the potential for weapons proliferation.

The initiatives you have taken to date have made a major impact throughout the world. There is general recognition of your commitment to limit nuclear weapons proliferation, and of Congressional support for this goal. This recognition has become a significant factor in policy making and planning throughout the world. However, the reaction has been negative to your suggestions relative to the breeder and reprocessing. Most of the nations of the world will free themselves from any dependence upon the United States for nuclear fuels as quickly as possible. The result will be international confusion and an enhanced probability of nuclear weapons proliferation.

However, the concern that is now being experienced throughout the free world provides you with enormous leverage for obtaining agreement to a positive program which the other nations of the world -- and the Congress -- can accept. Such a program would be even more effective in terms of reducing the potential of weapons proliferation. At the same time it would maximize the potential for energy supplies in the world, and for reduced dependence upon the OPEC. The result would be increased economic and political stability in the international community.

WASHINGTON OFFICE:
1202 LONGWORTH HOUSE OFFICE BUILDING
(202) 225-5816

DISTRICT OFFICES:
FEDERAL BUILDING
RICHLAND, WASHINGTON 99352
(509) 942-7273

305 NORTH 3RD STREET, SUITE 4
YAKIMA, WASHINGTON 98901
(509) 248-0103

FEDERAL BUILDING, 500 12TH
VANCOUVER, WASHINGTON 98660
(206) 696-4041, EXT. 256-7

FEDERAL BUILDING
WENATCHEE, WASHINGTON 98801
(509) 663-2214

stu - info
J

Electrostatic Copy Made
for Preservation Purposes

I suggest the following positive steps:

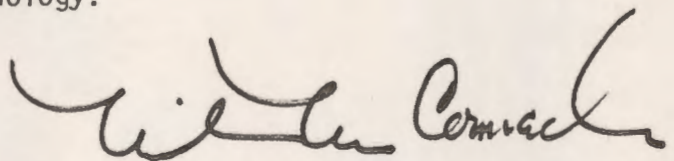
1. Propose a one year delay in the construction of the Clinch River Breeder, with a funding level of 75 million dollars for Fiscal Year 1978. This would allow additional time for further studies of the technology, of safeguards, and of the use of the facility for alternate fuel cycle research.
2. An alternate to funding the CRBR could include an announcement of strong Presidential support for a new substitute breeder schedule. This might include:
 - a) a 500-600 MWe LMFBR on the line by 1985-86, and
 - b) a 1000-1200 MWe commercial breeder on the line by 1990-92.
3. With either option, announce a commitment to develop a breeder technology, so that commercialization can be undertaken when and if it is necessary. (In view of the enormous value of the breeder program, your position should not be: "How long can we avoid using this dangerous technology?" but rather: "How soon can we take advantage of this precious technology while insuring that adequate controls for safety and safeguards of the nuclear fuel cycle are in place?")
4. Announce a program to nationalize the nuclear fuel cycle within the United States.
 - a) Announce support for nuclear fuel recycling centers, under international or multi-national control (I.A.E.A.), with demonstration programs at Barnwell and Windscale, England.
 - b) Buy and federalize the Barnwell plant.
 - c) Build an advanced fuel fabrication facility immediately adjacent to the Barnwell plant.
 - d) Build a waste glassification facility immediately adjacent to the Barnwell plant.
 - e) Extend the federal fence at Savannah River around the entire Barnwell complex and provide complete federal security and accountability.
 - f) Proceed as you have proposed with federally owned enrichment facilities.
 - g) Establish a program to clean up the nuclear wastes from the weapons program, including the optimum technology for ultimate disposal.

Mr. President, I have nothing but the highest respect for the deep moral and humanitarian commitment that leads you to take the initiatives you have taken in an attempt to minimize the proliferation of nuclear weapons. I submit, however, that your approach is mistaken. In attempting to suppress the development of the LFMBR technology, as if it in itself uniquely contributes or constitutes the threat of nuclear weapons proliferation, you are not only missing your target but you are losing your support and your credibility.

The world and the Congress will follow you enthusiastically if you espouse a program which will provide maximum protection against weapons proliferation but which will at the same time provide adequate energy for the world.

I believe that a moral commitment may be expressed in many ways. One of the most extreme dangers to the world is a world without adequate energy and as a result I think, a lower standard of living or inadequate supplies of food.

Your projections indicate world energy shortages starting in the mid-1980's. The nuclear breeder is the only available source of energy that has any chance at all of closing the gap between supply and demand during the lifetimes of our children. To me this is the overriding moral issue. The technology for safeguards and security for the fuel cycle are far easier to establish than any program to close the gap between supply and demand without a breeder technology.

A handwritten signature in dark ink, appearing to read "William Cermack". The signature is fluid and cursive, with a large, sweeping initial "W".

SCIENTIFIC AMERICAN

Sh
p21
J



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The Disposal of Radioactive Wastes from Fission Reactors

A substantial body of evidence indicates that the high-level radioactive wastes generated by U.S. nuclear power plants can be stored satisfactorily in deep geological formations

by Bernard L. Cohen

The task of disposing of the radioactive wastes produced by nuclear power plants is often cited as one of the principal drawbacks to the continued expansion of this country's capacity to generate electricity by means of the nuclear-fission process. Actually the task is not nearly as difficult or as uncertain as many people seem to think it is. Since 1957, when a committee of the National Academy of Sciences first proposed the burial of such wastes in deep, geologically stable rock formations, a substantial body of evidence has accumulated pointing to the technical feasibility, economic practicality and comparative safety of this approach. In recent years a number of alternative schemes—some of them involving undersea burial—have also been put forward, but deep underground burial remains the best understood and most widely favored solution to the problem of nuclear-waste disposal.

In what follows I shall describe the nature of the wastes produced by nuclear power reactors, evaluate their potential impact on public health and the environment and outline current plans to dispose of them in secure underground repositories.

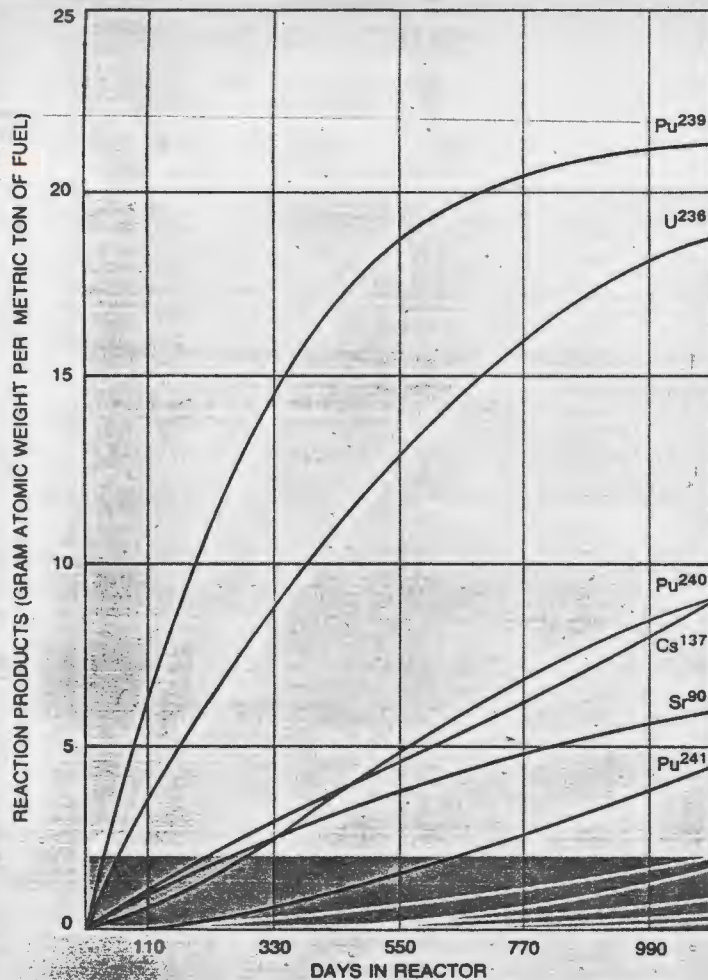
What are the special characteristics of nuclear-plant wastes, and how do they differ from the wastes produced by the combustion of other fuels to generate electricity? For the sake of comparison it might be helpful to consider first the wastes resulting from the operation of a large (1,000-megawatt) coal-burning power plant. Here the principal

rate of about 600 pounds per second. Carbon dioxide is not in itself a dangerous gas, but there is growing concern that the vast amounts of it being released into the atmosphere by the combustion of fossil fuels may have deleterious long-term effects on the world's climate. The most harmful pollutant released by a coal-burning power plant is sulfur dioxide, which is typically emitted at a rate of about 10 pounds per second. According to a recent study conducted under the auspices of the National Academy of Sciences, sulfur dioxide in the stack effluents of a single coal-fired plant causes annually about 25 fatalities, 60,000 cases of respiratory disease and \$12 million in property damage. Among the other poisonous gases discharged by coal-burning power plants are nitrogen oxides, the principal pollutants in automobile exhausts (a large coal-fired plant releases as much of these as 200,000 automobiles do), and benzpyrene, the main cancer-causing agent in cigarettes. Solid wastes are also produced, partly in the form of tiny particles. In the U.S. today such "fine particulate" material is considered second in importance only to sulfur dioxide as an air-pollution hazard; approximately a sixth of all man-made fine-particulate pollution comes from coal-burning power plants. Finally there is the residue of ashes, which for a 1,000-megawatt coal-fired plant accumulate at a rate of about 30 pounds per second.

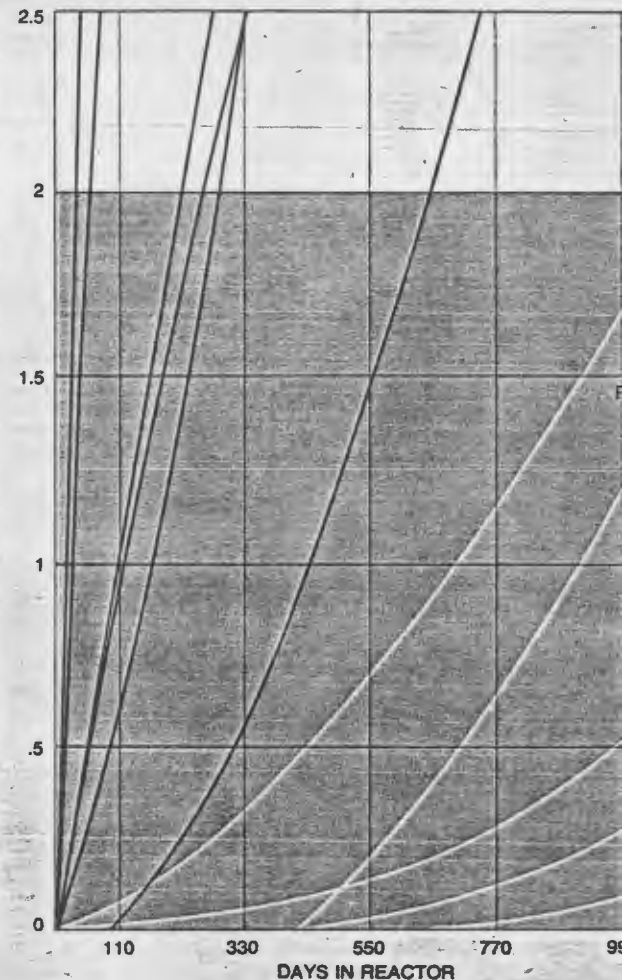
The wastes from a nuclear power plant of equivalent size differ from the by-products of coal combustion in two important ways. First, their total quantity is millions of times smaller: when

the total volume produced annually by a 1,000-megawatt nuclear reactor is about two cubic meters, an amount that would fit comfortably under a dining-room table. The comparatively small quantities of radioactive materials involved here make it practical to use highly sophisticated waste-management procedures, whose cost must be viewed in relation to the price of the electricity generated. For a 1,000-megawatt plant that price is roughly \$200 million per year.

The second distinguishing characteristic of nuclear wastes is that their potential as a health hazard arises not from their chemical properties but from the radiation they emit. There appears to be a widespread misapprehension that this factor introduces a considerable degree of uncertainty into the evaluation of the potential health hazards associated with nuclear wastes, but the truth is quite the opposite. The effects of radiation on the human body are far better understood than the effects of chemicals such as air pollutants, food additives and pesticides. Radiation is easy to measure accurately with inexpensive but highly sensitive instruments; indeed, that is why radioactive isotopes are used so widely in biomedical research. Moreover, a large body of information has been compiled over the years from human exposure to intense radiation, including the atomic-bomb attacks on Japan, medical treatment with different forms of radiation and the inhalation of radon gas by miners. The available data have been analyzed intensively by national and international groups, including the National Academy of Sciences



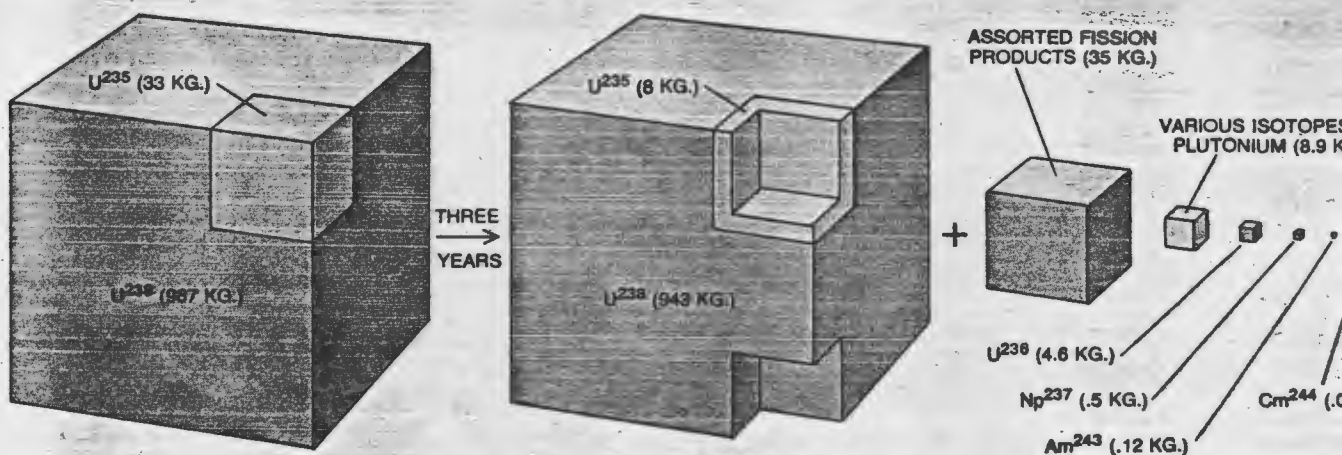
BUILDUP OF REACTION PRODUCTS per metric ton (1,000 kilograms) of uranium fuel in the active core of a typical U.S. power reactor of the light-water type is plotted here on two different vertical scales as a function of time over the three-year period the fuel customarily resides in the core. The hundreds of products resulting from the fission of uranium-235 nuclei in the fuel are represented by two characteristic fission fragments, strontium 90 and cesium 137,



which together constitute about 5 percent of the total. All the isotopes shown result from nuclear reactions in which uranium in the initial fuel are transmuted by neutron-capture reaction followed in some cases by radioactive decay. Leveling off of the curves for fissionable plutonium 239 means that near the end of the three-year life of the fuel this isotope is being consumed by fission reactions and neutron-capture reactions almost as fast as it is being created.

INITIAL FUEL (1,000 KG.)

SPENT FUEL (1,000 KG.)



BLOCK DIAGRAM provides another graphic view of the transformation that takes place in the composition of the nuclear fuel in a light-water reactor over a three-year period. For every 1,000 kilograms of uranium in the initial fuel load (left) 24 kilograms of uranium 238 and 25 kilograms of uranium 235 are consumed (center),

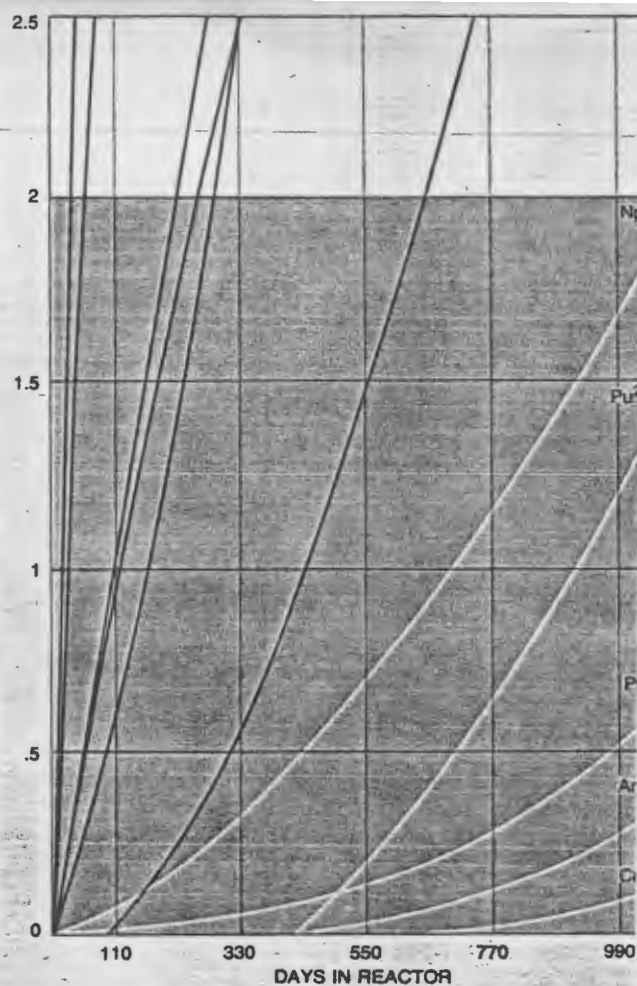
reducing the "enrichment" of uranium 235 from 3.3 percent to 0.7 percent. Uranium that is consumed is converted into 35 kilograms of assorted fission products, 8.9 kilograms of various isotopes of plutonium, 4.6 kilograms of uranium 236, .5 kilogram of neptunium 237, .12 kilogram of americium 243 and .04 kilogram of curium 244 (right).

REACTION PRODUCTS (GRAM ATOMIC WEIGHT PER METRIC TON OF FUEL)



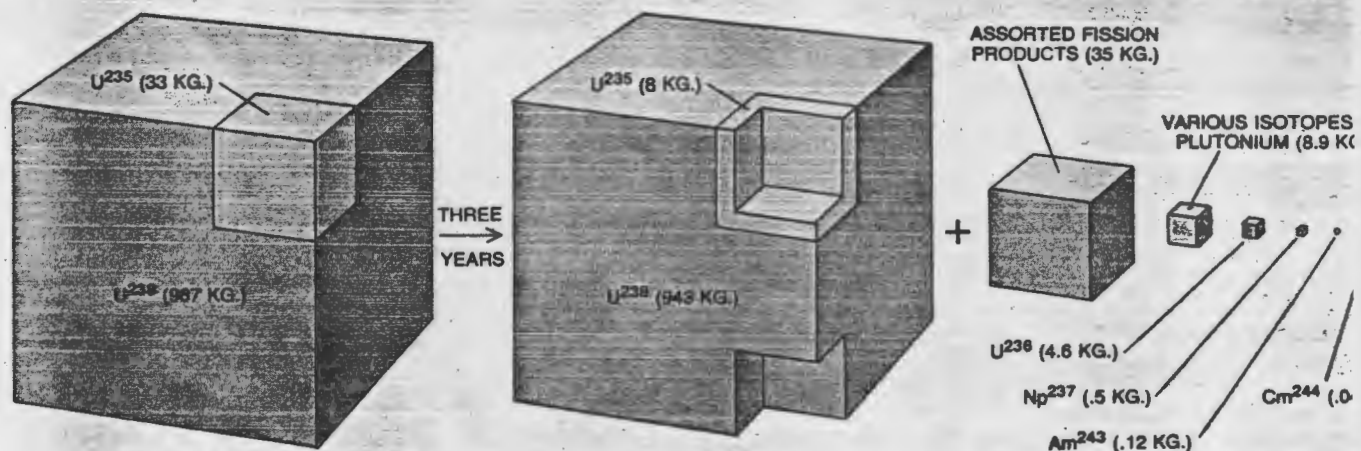
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A substantial body of evidence indicates that the high-level radioactive wastes generated by U.S. nuclear power plants can be stored satisfactorily in deep geological formations

by Bernard L. Cohen

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In what follows I shall describe the nature of the wastes produced by nuclear power reactors, evaluate their potential impact on public health and the environment and outline current plans to dispose of them in secure underground repositories.

What are the special characteristics of nuclear-plant wastes, and how do they differ from the wastes produced by the combustion of other fuels to generate electricity? For the sake of comparison it might be helpful to consider first the wastes resulting from the operation of a large (1,000-megawatt) coal-burning power plant. Here the principal

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The wastes from a nuclear power plant of equivalent size differ from the by-products of coal combustion in two important ways. First, their total quantity is millions of times smaller: when

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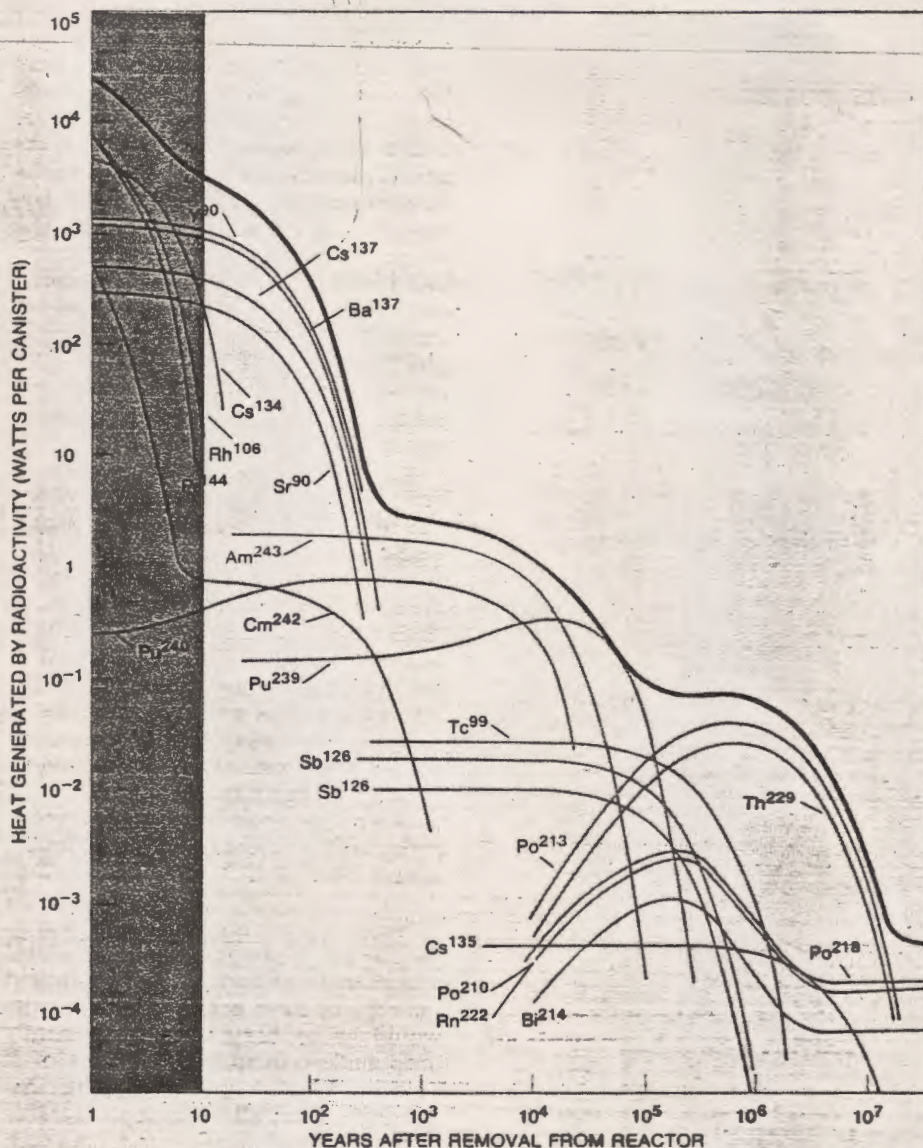
The second distinguishing characteristic of nuclear wastes is that their potential as a health hazard arises not from their chemical properties but from the radiation they emit. There appears to be a widespread misapprehension that this factor introduces a considerable degree of uncertainty into the evaluation of the potential health hazards associated with nuclear wastes, but the truth is quite the opposite. The effects of radiation on the human body are far better understood than the effects of chemicals such as air pollutants, food additives and pesticides. Radiation is easy to measure accurately with inexpensive but highly sensitive instruments; indeed, that is why radioactive isotopes are used so widely in biomedical research. Moreover, a large body of information has been compiled over the years from human exposure to intense radiation, including the atomic-bomb attacks on Japan, medical treatment with different forms of radiation and the inhalation of radon gas by miners. The available data have been analyzed intensively by national and international groups, including the National Academy of Sciences

Ionizing Radiation and the United Nations Scientific Committee on the Effects of Atomic Radiation. The result is a fairly reliable set of estimates of the maximum effects of various levels of radiation on the human body.

What are the radioactive substances in the waste products of a nuclear reactor, and how are they formed? In a light-water reactor (the type of nuclear plant now in general service for generating electricity in this country) the fuel consists initially of a mixture of two isotopes of uranium: the rare, readily fissionable isotope uranium 235 ("enriched" to 3.3 percent) and the abundant, ordinarily nonfissionable isotope uranium 238 (96.7 percent). The fuel mixture is fabricated in the form of ceramic pellets of uranium dioxide (UO_2), which are sealed inside tubes of stainless steel or a zirconium alloy. In the course of the reactor's operation neutrons produced initially by the fission of some of the uranium-235 nuclei strike other uranium nuclei, either splitting them in two (and thereby continuing the chain reaction) or being absorbed (and thereby increasing the atomic weight of the struck nucleus by one unit). These two types of reaction result in a variety of nuclear products, which can be plotted as a function of the time the fuel is in the reactor, usually about three years [see top illustration on opposite page].

The most important reaction in a light-water reactor is the fission of uranium 235, which creates hundreds of different products, of which strontium 90 and cesium 137, two characteristic fission fragments, constitute about 5 percent of the total. Another important reaction is the capture of neutrons by uranium-238 nuclei, which gives rise to plutonium 239. (Actually the neutron-capture reaction first yields uranium 239, which then decays radioactively in two steps to plutonium 239.) The plutonium 239 does not continue to build up linearly with time, because it may also participate in nuclear reactions. For example, a nucleus of plutonium 239 may fission when it is struck by a neutron, or it may absorb the neutron to become a nucleus of plutonium 240. The leveling off of the plutonium-239 curve means that near the end of the effective life of the fuel load this isotope is being destroyed by such processes at nearly the same rate as the rate at which it is being created.

Plutonium 240 can also capture a neutron and become plutonium 241, which can in turn either fission or capture another neutron and become plutonium 242. Plutonium 242 can be converted by the capture of still another neutron into americium 243 (after an intermediate radioactive decay from plutonium 243), and there is even an an-

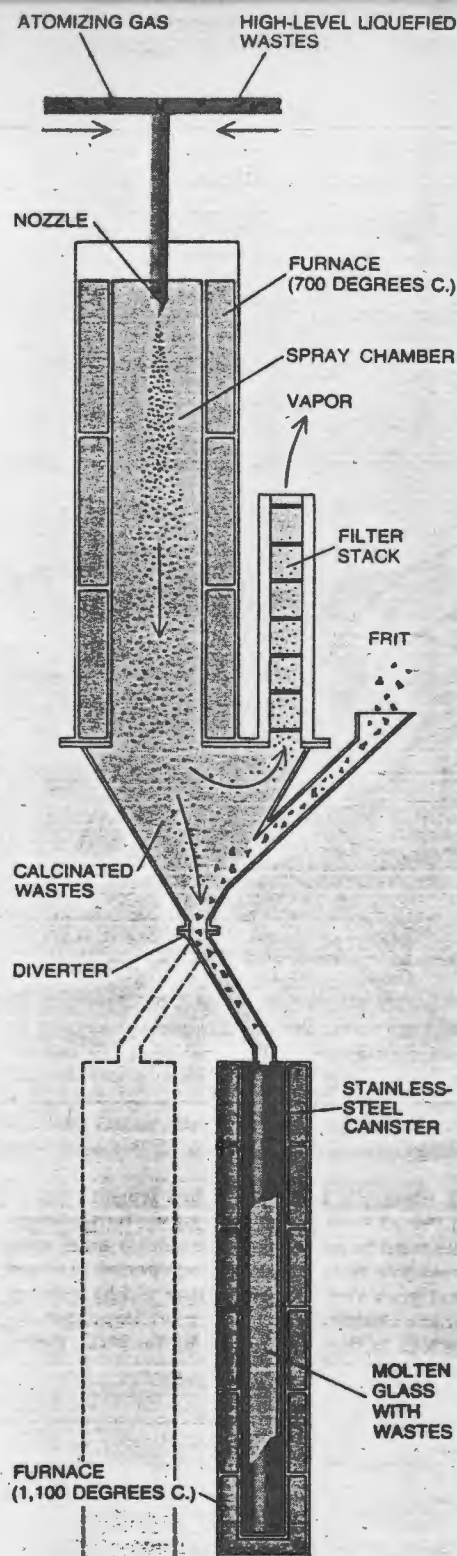


HEAT GENERATED by the various radioactive isotopes in the spent fuel from a nuclear power plant must be allowed to dissipate safely, which means that in any long-term storage plan the canisters containing the high-level wastes must be spread out over a fairly large area. The problem can be substantially alleviated by resorting to an interim-storage period of about 10 years (colored panel at left), after which the heat generated by each canister will have fallen off to about 3.4 kilowatts. The gray curves trace the contributions of the more important radioactive isotopes to the overall heating effect, which in turn is indicated by the black curve.

lowed by a radioactive decay. By the same token successive neutron captures beginning with uranium 235 can respectively give rise to uranium 236, neptunium 237 and plutonium 238.

For every metric ton (1,000 kilograms) of uranium in the initial fuel load 24 kilograms of uranium 238 and 25 kilograms of uranium 235 are consumed in the three-year period, reducing the enrichment of the uranium 235 from 3.3 percent to .8 percent. In the process 800 million kilowatt-hours of electrical energy can be generated, and the uranium that is consumed is converted into 35 kilograms of assorted fission products, 8.9 kilograms of various isotopes of plutonium, 4.6 kilograms of uranium 236,

gram of curium 244. Since only 25 kilograms of uranium 235 are consumed and a fifth of that amount is converted into uranium 236 and neptunium 237, one can easily calculate that only 60 percent of the energy-releasing fission reactions actually take place in uranium 235. Thirty-one percent occur in plutonium 239, 4 percent occur in plutonium 241 and 5 percent are induced by high-energy neutrons in uranium 238. (These figures are averages over the three years the fuel customarily is in the reactor. Near the end of that period only 30 percent of the fission reactions take place in uranium 235, with 54 percent occurring in plutonium 239, 10 percent in plutonium 241 and 5 percent in uranium 238. In view of the current public controversy



CURRENT PLAN for handling high-level radioactive wastes calls for their incorporation into glass cylinders about 300 centimeters long and 30 centimeters in diameter. In the single-step solidification process depicted here the liquid high-level waste is first converted into a fine powder inside a calcining chamber (top), then mixed with glassmaking frit (middle) and finally melted into a block of glass within the thick stainless-steel canister in which it will eventually be stored (bottom). When canister is full, flow is switched by a diverter valve into a new canister (broken outline); hence the process is continuous.

esting to note that plutonium is already in intensive use as a nuclear fuel.)

After the spent fuel is removed from the reactor it is stored for several months in order to allow the isotopes with a short radioactive half-life to decay. (This temporary storage is particularly important with respect to an isotope such as iodine 131, one of the most dangerous fission products, which has a half-life of only eight days.) Thereafter one of the options would be to send the spent fuel to a chemical-reprocessing plant, where the fuel pins would be cut into short lengths, dissolved in acid and put through a series of chemical-separation processes to remove the uranium and plutonium, which would then be available to make new fuel. Everything else (except for certain gases, which would be discharged separately, and the pieces of the metal fuel pins that do not dissolve in the acid) is referred to as "high level" waste. In addition to all the fission products, which are responsible for the bulk of the radioactivity, the high-level wastes would in this case include the isotopes of neptunium, americium and curium, along with the small amounts of uranium and plutonium that would not be removed in reprocessing, owing to inefficiencies in the chemical separations.

The simplest and most obvious way to dispose of the remaining high-level wastes (once an economically sufficient quantity of them began to accumulate) would be to bury them permanently deep underground. On the face of it such an approach appears to be reasonably safe, since all rocks contain traces of naturally radioactive substances such as uranium, thorium, potassium and rubidium, and the total amount of this natural radioactivity in the ground under the U.S. down to the proposed nuclear-waste burial depth of 600 meters is enormously greater than the radioactivity in the wastes that would be produced if the country were to generate all its electric power by means of nuclear fission. Of course, the radioactivity of the nuclear wastes is more concentrated, but in principle that does not make any difference; the biological effects of radiation are generally assumed to have a linear relation to dosage, so that distributing a given total dosage among more people would not change the number of adverse health effects. (If this "linearity hypothesis" were to be abandoned, current estimates of the potential health hazards from nuclear wastes and all other aspects of the nuclear power industry would have to be drastically reduced.)

The detailed procedures for handling the high-level wastes are not yet definite, but present indications are that the wastes will be incorporated into a borosilicate glass (similar to Pyrex), which will be fabricated in the form of cylinders about 300 centimeters long and 30

centimeters in diameter. Each glass cylinder will in turn be sealed inside a thick stainless-steel casing. These waste canisters will then be shipped to a Federally operated repository for burial. One year's wastes from a single 1,000-megawatt nuclear power plant will go into such canisters, and the canisters will be buried about 10 meters apart; each canister will occupy an area of square meters, and all 10 canisters take up 1,000 square meters. It has been estimated that an all-nuclear U.S. electric-power system would require only 400 1,000-megawatt plants, capable of generating 400,000 megawatts at capacity, compared with the present average electric-power usage of at 230,000 megawatts. Accordingly, the total high-level wastes generated annually by an all-nuclear U.S. electric-power system would occupy an area of less than half a square kilometer.

The main reason for spreading the canisters over such a large area is to dissipate the heat generated by their radioactivity. The problem of dealing with heat can be substantially alleviated by waiting for 10 years after the reprocessing operation, at which time the heat generated by each canister will have fallen off to about 3.4 kilowatts. The advantage of delayed burial is more clearly when the heating effect is translated into the estimated rise in temperature that would result at the surface of a canister buried alone in rock of average thermal conductivity [see top illustration on page 26]. It is evident that after a wait of a year would lead to a temperature rise of 1,900 degrees Celsius, whereas waiting for 10 years would reduce the rise to 250 degrees Celsius. The difference is critical, since glass devitrifies (crystallizes and becomes brittle) at temperatures higher than 700 degrees Celsius. In rock of average thermal conductivity the maximum average temperature of the rock just above and below the burial depth would be reached 40 years after burial, when the average temperature of the rock at the burial depth would be increased by 140 degrees [see bottom illustration on page 26]. If the canister were to be buried in salt, which has a much greater thermal conductivity, the rise in temperature at the burial depth after 40 years would be less: 85 degrees.

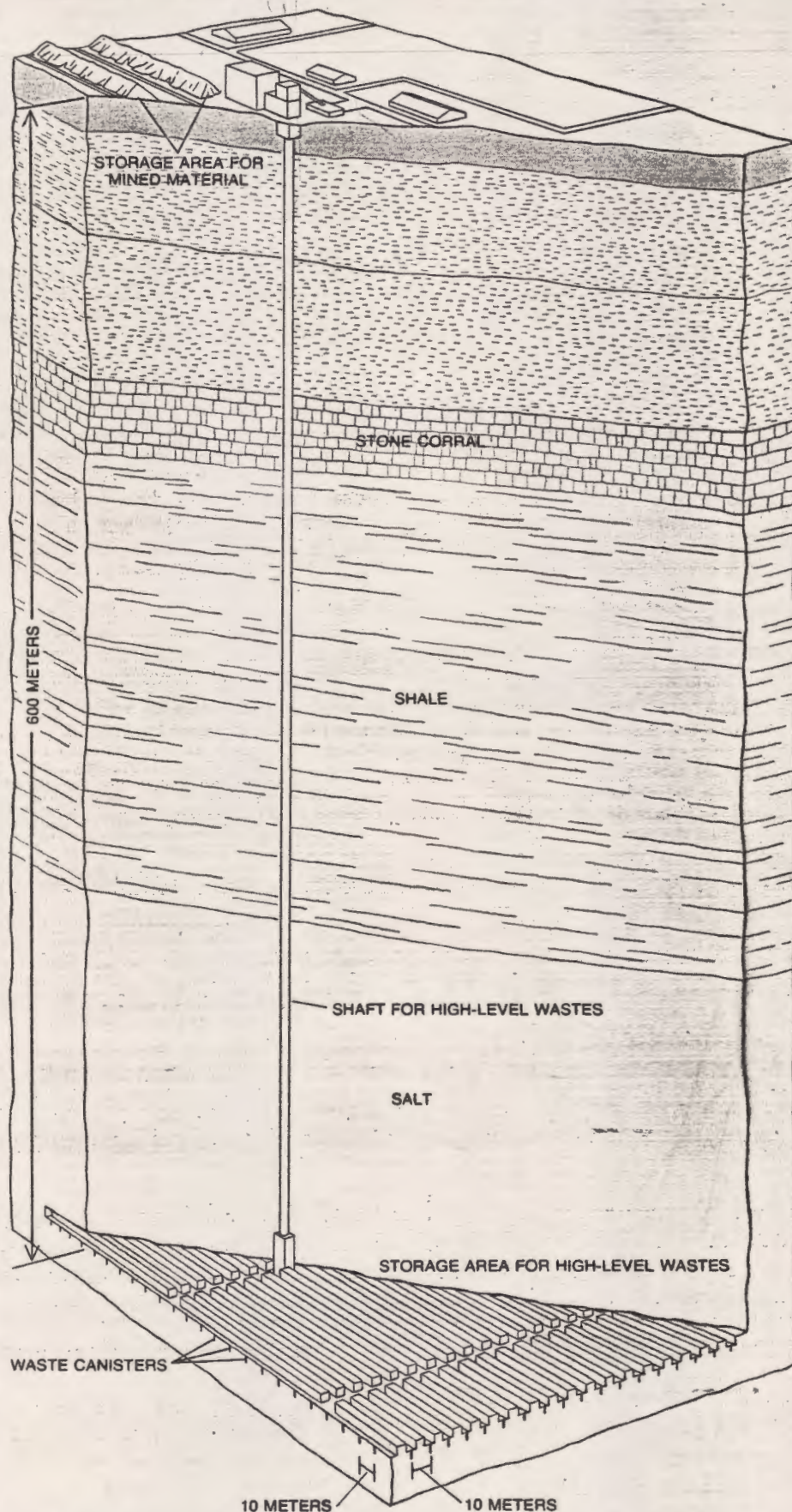
In salt an additional effect must be taken into account, since the heat would cause the migration of water toward the waste canister. Typical salt formations contain about .5 percent water trapped in tiny pockets. The solubility of salt increases with temperature, so that if the temperature on one side of a pocket is raised, more salt will go into solution on that side. This raises the concentration of the water above the saturation point for the temperature on the opposite side of the pocket, however, causing the salt to precipitate out of solution on that side. The net effect

migration of the water pocket in the direction of the higher temperature, which is of course the direction of the buried waste canister. The rate of the migration depends on how rapidly the temperature increases with distance, and on how rapidly the temperature gradient, as I have explained, falls off with time.

This process is expected to lead to the collection of water around each canister at an initial rate of two or three liters per year; within 25 years a total of 25 liters will have collected, with very little further collection expected thereafter. Since the temperature at the surface of the canister would be higher than the boiling point of water, the water arriving at the canister would be converted into steam and would be drawn off by the ventilation system (assuming that the repository is not sealed). Small amounts of water would continue to migrate toward the canisters after 25 years, carrying corrosive substances such as hydrochloric acid arising from chemical reactions induced in the salt by the radiation from the canister. It is therefore usually assumed that the stainless-steel casings will corrode away, leaving the waste-containing glass cylinders in contact with the salt.

How can one evaluate the health hazards presented by such radioactive waste materials? The most direct hazard is from the gamma radiation emitted by the decaying nuclei. Gamma rays behave much like X rays except that they are even more penetrating. The effect of gamma rays (or any other form of ionizing radiation) on the human body is measured in the units called rem, each of which is equal to the amount of radiation that is required to produce the same biological effect as one roentgen of X radiation. ("Rem" stands for "roentgen equivalent man.") In analyzing the impact of radioactive wastes on public health the only significant radiation effects that need to be considered are those that cause cancer and those that induce genetic defects in progeny. According to the best available estimates, for whole-body radiation such as would be delivered by a source of gamma rays outside the body the risk of incurring a radiation-induced fatal cancer is approximately 1.8 chances in 10,000 per rem of radiation exposure. The estimated risk for total eventual genetic defects in progeny is about 1.5 chances in 10,000 per rem of radiation delivered to the gonads (with the effects spread out over about five generations). In the discussion that follows I shall be referring only to cancers, but it should be kept in mind that there are in addition a comparable (but generally smaller) number of genetic defects caused by exposure to gamma radiation.

The biological damage done by a gamma ray is in most situations roughly



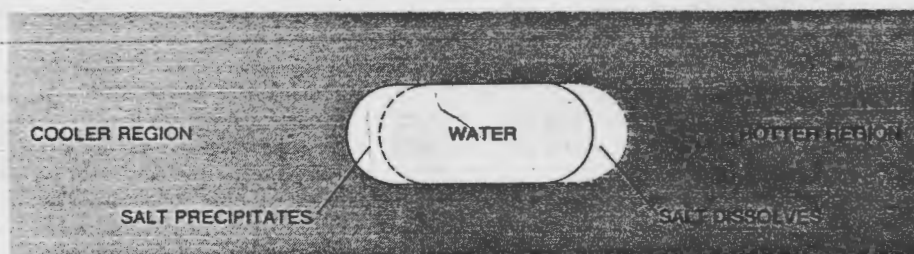
DEEP UNDERGROUND BURIAL is at present the method favored by most nuclear power experts in the U.S. for the long-term storage of high-level radioactive wastes. In this idealized diagram of a proposed Federally operated repository in southeastern New Mexico the waste canisters are shown emplaced at a depth of 600 meters in a geologically stable salt formation. In order to dissipate the heat from the canisters they would be buried about 10 meters apart; thus each canister would occupy an area of about 100 square meters. On this basis the total high-level wastes generated annually by an all nuclear U.S. electric power industry

each body organ; the time the radioactive substance spends in each organ; the energy of the radiation emitted by the substance and the fraction of the energy absorbed by the organ; the mass of the organ; the relative biological effects of the different kinds of radiation emitted, and finally the cancer risk per unit of radiation absorbed (in rem).

Feeding all this radioactive material to people is hardly a realistic scenario, however, so that one might consider instead the consequences if the wastes were to be dumped in soluble form at random into rivers throughout the U.S. For this scenario, which comes close to assuming the most careless credible handling of the disposal problem, the graph shows that a million fatalities could result. It is unlikely anyone would suggest such dumping, but in any event it is clearly not an acceptable method of disposal.

In evaluating the inhalation hazard by far the most important effect that must be taken into account is the induction of lung cancers [see illustration on page 29]. Here again the graph shows the consequences of a situation approximating the most careless credible handling of the wastes: spreading them as a fine powder randomly over the ground throughout the U.S. and allowing them to be blown about by the wind.

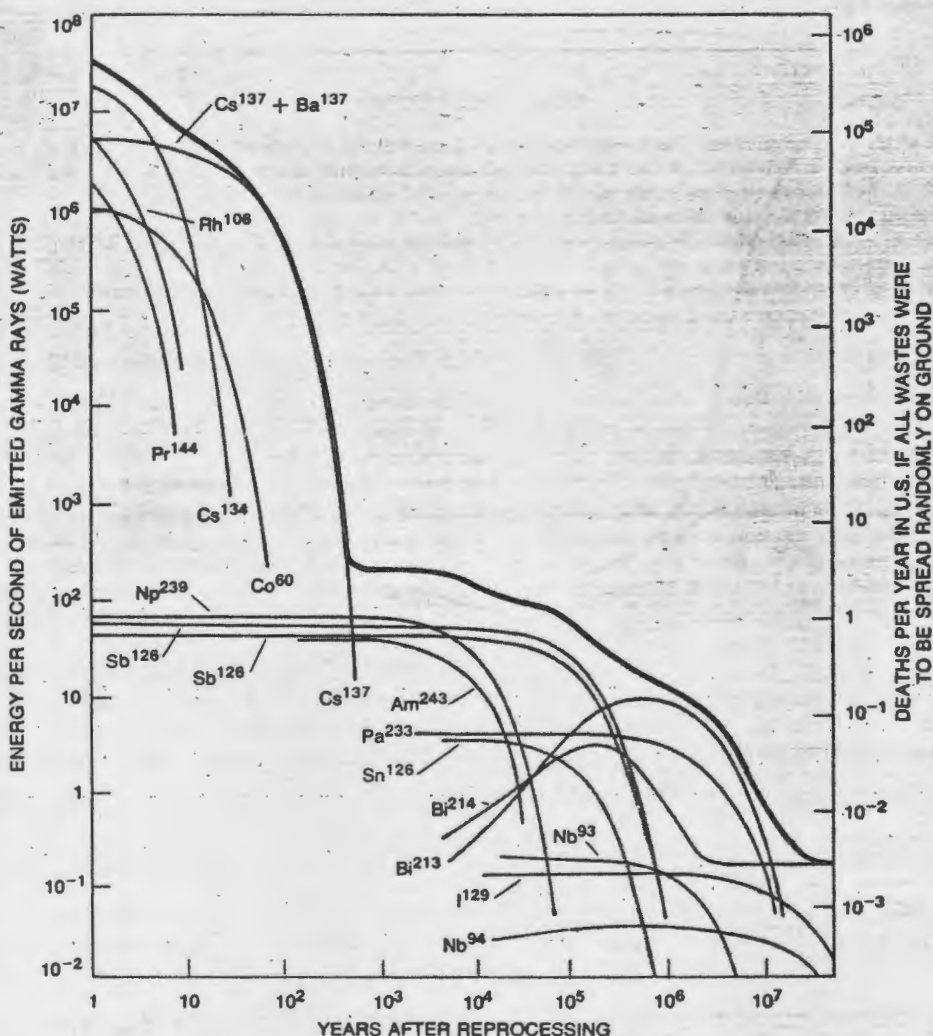
Much attention is given in public statements to the potential hazards represented by the scales in such graphs that show the number of cancers expected if all the radioactive materials involved were to be ingested or inhaled by people. One often hears, for example, that there is enough radioactivity in nuclear wastes to kill billions of people. To put such statements in perspective it is helpful to compare the known hazards of nuclear wastes with those of other poisonous substances used in large quantities in the U.S. [see illustration on page 30]. Such a comparison shows that there is nothing uniquely dangerous about nuclear wastes. Nevertheless, it is often emphasized that radioactive wastes remain hazardous for a long time. Nonradioactive barium and arsenic, on the other hand, remain poisonous forever. It might also be argued that the other hazardous substances are already in existence, whereas nuclear wastes are a newly created hazard. Roughly half of the U.S. supply of barium and arsenic, however, is currently imported, and hence these hazards are also being introduced "artificially" into our national environment. One other important difference often goes unnoted, and that is that the chemical poisons are not carefully buried deep underground as is the plan for the nuclear wastes; indeed, much of the arsenic is used as a herbicide and hence is routinely scattered



IN SALT the heat from the waste canister would cause the migration of tiny pockets of water in the direction of the higher temperature, since the salt would tend to go into solution on the hotter side of the pocket (right) and to precipitate out of solution on the cooler side (left).

Actually such quantitative representations of potential hazards are virtually meaningless unless one also takes into account the possible pathways the hazardous agents can take to reach man. Therefore I shall now turn to that subject. It is generally agreed the most important health hazard presented by nuclear wastes arises from the possibility

that ground water will come in contact with the buried wastes, leach them into solution, carry them through the overlying rock and soil and ultimately into food and water supplies. Human exposure would then be through ingestion. From the analysis of the ingestion route outlined above one can deduce that the hazard from ingested radioactive mate-



MOST DIRECT HEALTH HAZARD presented by radioactive wastes arises from the gamma radiation emitted by the decaying nuclei. The biological damage done by a gamma ray is in most situations roughly proportional to its energy; hence in this graph the gamma-ray energies emitted per second by various radioactive isotopes in the wastes resulting from one full year of an all-nuclear U.S. electric-power system (again assuming 400 1,000-megawatt plants) are plotted according to the scale at left. The black curve shows that between eight and 400 years after reprocessing the total gamma-ray hazard falls by more than four orders of magnitude.

few hundred years. In fact, one can calculate that after 600 years a person would have to ingest approximately half a pound of the buried waste to incur a 50 percent chance of suffering a lethal cancer. It is reasonable to conclude that it is very important the wastes be isolated from human contact for the initial few hundred years. I shall first take up that problem but shall return to the longer-term one.

When people first learn that nuclear wastes must be isolated for hundreds of years, their immediate response is often to say this is virtually impossible: man's social institutions and political systems and the structures he builds rarely last that long. This response, however, is based on experience in the environment encountered on the surface of the earth. What one is actually dealing with are rock formations 600 meters below the surface. In this quite different environment the characteristic time intervals re-

quired for any substantial change are on the order of millions of years.

In addition to the general security of the deep underground environment a great deal of extra protection is provided for the critical first few hundred years by the various time delays intrinsic to any conceivable release process. The most important of these additional safeguards has to do with the selection of a storage site, which is determined by geological study to be not only free of circulating ground water now but also likely to remain free of it for a very long time to come. In geological terms a few hundred years is a short time, so that predictions of this kind can be highly reliable. Since the patterns in which ground-water flows can be changed by earthquakes, only tectonically stable areas would be chosen. Salt formations offer additional security in this regard, because when salt is subjected to pressure, it flows plastically. Thus it is capable of sealing cracks that develop from tecton-

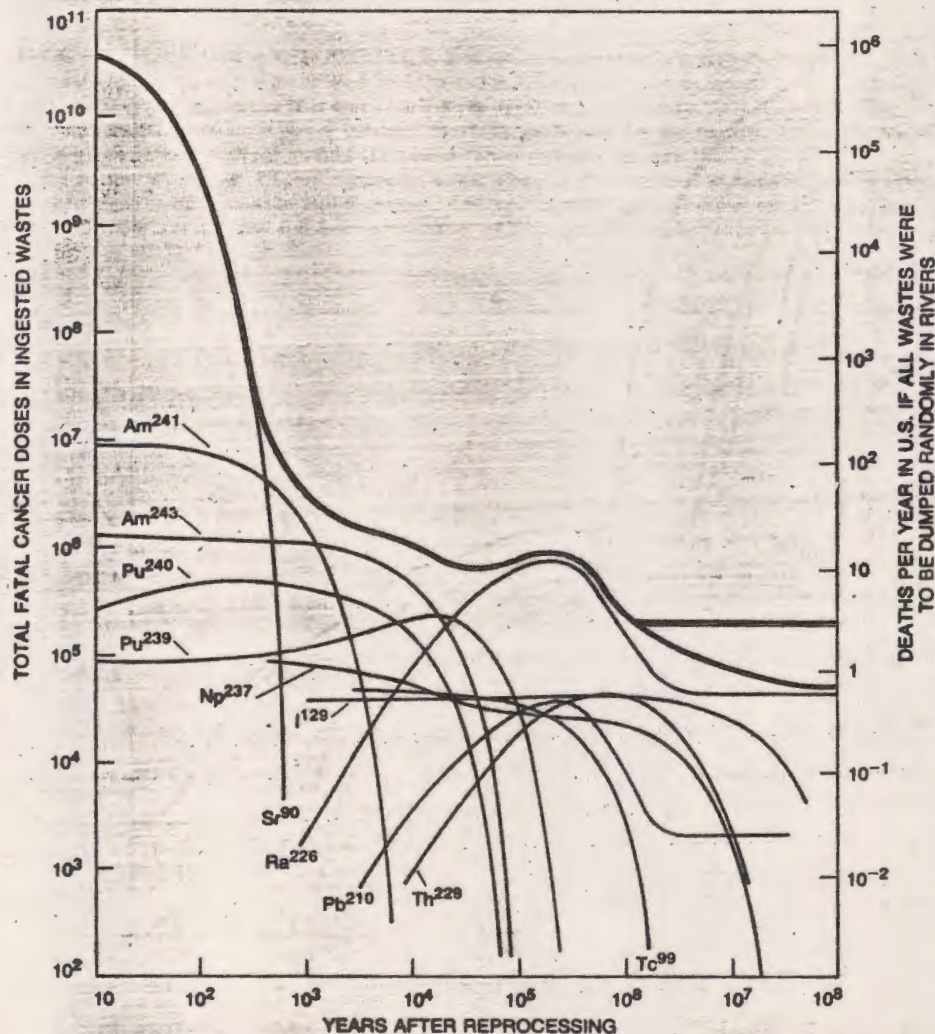
ic activity. This property of salt moves the scars of the burial operation leaving the canisters sealed deep in a gigantic crystalline mass.

Suppose, however, water does how manage to get into cracks rock formation in which the waste is buried. What happens then? The waste would of course be chosen to be insoluble to water, so that there would be no second delay while the rock was leached away before the waste glass was exposed to water. It would seem there would not be much delay because it is so soluble in water, but in fact the quantities of water deep underground are not large and the mass is huge. For example, if all the ground water now flowing in the region of the proposed Federal waste repository in New Mexico were somehow directed to flow through the salt, it would take 50,000 years for the salt enclosing a year's deposit of nuclear wastes to be dissolved away.

A third delay arises from the time it would take to leach away the waste itself. There is some uncertainty on this point, and the matter is complicated by the fact that leaching rates increase with temperature, but it seems likely that the low rate at which glass can be leached away will offer considerable protection for at least a few hundred years. If new leaching studies indicate otherwise, it would be too difficult or expensive to switch to ceramics or other more resistant materials for incorporating the wastes.

A fourth delay arises from the time of time it ordinarily takes water to reach the surface. Typical flow rates are less than 30 centimeters per day, and the distances that must be covered are often hundreds of kilometers. For any one to travel 100 kilometers at 30 centimeters per day takes about 1,000 years.

The radioactive wastes would, however, move with the velocity of ground water even if they went into solution. They would tend to be filtered out by ion-exchange processes. For example, an ion of radioactive strontium in the wastes would often exchange with an ion of calcium in the rock, with the result that the strontium ion would remain fixed while the calcium ion would move on with the water. The strontium ion would eventually get back into solution, but because of continual leaching of this type the radioactive strontium would move 100 times slower than the water, thus taking perhaps 100,000 years to reach the surface. For the most important waste components the total time is even longer.



IF ALL WASTES WERE TO BE INGESTED, the biological effects on the human population of the U.S. would be considerable. As this graph shows, the number of cancer-causing doses in the wastes produced by one year of all-nuclear electric power in the U.S. is such that if all the wastes, after aging for 10,000 years, were to be converted into digestible form and fed to people, one would expect a million fatal cancers to ensue (scale at left). If instead the wastes were to be converted into soluble form and immediately after reprocessing dumped at random into rivers throughout the U.S., the result could again be a million fatalities (scale at right).

As a result of all these delays there is an extremely high assurance that very little of the wastes will escape through the ground-water route during the first few hundred years when they are most dangerous. Indeed, the time delays of